

# Canadian PM acts | Appointment may signify lurch towards more economic intervention | Congress to raise Quebec voice in cabinet

Jean Chrétien, Canada's prime minister, has brought two well-known Quebeckers into his cabi-net in the first cabinet reshuffle since his Liberal government took office in 1993. His aim is to give the pro-Canada camp a stronger voice against seces-sionists in the French-speaking province. The prime minister has faced growing criticism over his national unity strategy since separatists nearly won an independence referendum last October. Page 6

Search begins for new Polish PM: Poland's ruling coalition leaders started the search for a new running contribut learners statight the benocratic Left Alliance, the main party in the ruling coalition, were called to the presidential palace after the res-lignation of Jozef Oleksy. Page 3

#### Resistance looms to EU arms competition:

Plans to open the tendering for European Union government defence contracts to full competition were floated by the European Commission. But resistance by member states with large arms industries means they are unlikely to become law in anything like their current form, despite increasing interest in defence co-operation. Page 2

#### Emu suggestion faces criticism: French and German poli-



ticians reacted sharply against the suggestion by Valery Giscard d'Estaing, left, former president of France, that the criteria for European economic and monetary union be interpreted flexibly to ensure it could begin on tima in 1999, Klaus Kinkel, German foreign minister, said Emn should be

completed on schedule and with a strict interpretation of the criteria and Hervé de Charette, France's foreign minister, stressed his continuing commit-ment to the Maastricht conditions. Page 3

EU ausponda Vietnam's textiles quoter The European Union has suspended a textile quota agreement which would have allowed Vietnam substantially increased exports because Hanoi failed to grant the EU reciprocal access to its market.

Pledge by Finnish prime minister: Paavo Lipponen, Finland's Social Democratic prime minis-ter, has promised his government will maintain fiscal discipline despite mounting criticism of its failure to tackle one of the Europe's highest unemployment rates. Page 3

Problem for German forecasters; The sharp downturn in the German economy has proved a problem to most of the country's forecasters, who did not predict it, then denied it was happening. and now say it may soon he over. Page 2

Rover notches up success outside Europe: A steep rise in exports outside Europe has resulted in BMW's Rover subsidiary in Britain producing

# **Ex-Lada chief** handed Russian deputy PM job strengthening of domestic pro-

By John Thomhill in Moscow

Mr Vladimir Kadannikov, one of Russia'a most prominent industrialists, was yesterday appointed first deputy prime minister in a move which could signify a further lurch towards more interventionist economic policies.

Formerly head of Avtoyaz, maker of the Lada car, Mr Kadannikov will be in charge of the country's economic policy even though the vehicle manufactures has not produced a new model of the Lada this decade. He has frequantly called for

more state support for industry, higher tariffs to protect domestic producers, and the curtailment of the strong rouble policy which has hit exporters. Mr Kadannikov's instincts

would appear to run counter to the liberal economic policies pursued by his predecessor, the reformist Mr Anatoly Chubais, who was sacked last we

Mr Kadannikov faced criticism while at Aytoyaz for being slow to respond to changed market conditions. Yesterday he said: Only the dayelopment of national industry and the

By Michiyo Nakamoto In Tokyo

The US has threatened to take its

first action against Japan in the

World Trade Organisation over a

dispute concerning intellectual

Mr Mickey Kantor, US trade

unhappy with Japanese interpre-

By Antonia Sharpe in London

The privatisation of state-owned

companies by west European governments could raise a record

\$55bn this year, more than dou-

ble last year's total of \$24bn,

according to a study by J. P. Mor-

The biggest sell-off this year is

set to be Deutsche Telekom, Ger-

many's telecommunications com-

pany, which could raise abont

\$10bn. Italy could raise up to

\$6bn from the sale of shares in Stet, its telecoms company. Mr Gary Dugan, J. P. Morgan's

European equity strategist and

the author of the study, estimates that Europe's "ambitious" priva-tisation programme will account

for about 65-70 per cent of offer-

ings worldwide this year. in fact privatisations by Italy,

Germany and France are expec-

ted to dominate offerings by gov-

ernments from now until the end

privatisation of state assets, will

have little left to sell after this

year's disposais of Railtrack, owner of British Rail track and

signalling, and British Energy,

which will run Britain's modern

Lotions .

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The UK, a trail blazer in the

of the century.

World Trade News

UK News

can, the US investment bank.

recording industry.

ducers, whether state or private, can solve the social problems Russia now faces.

His appointment follows recent statements from Mr Oleg Soskovets, the other first deputy prime minister, criticising recent attempts "to mimic the market economy practices of other countries without taking our specific characteristics into account"

The uncertainty surrounding the course of economic reform has led to fears in the country's nascent financial markets that the government will relax monetary policy, reigniting inflation. It has also complicated discus sions with the International Monetary Fund over a three-year \$9hn loan. It now appears highly unlikely that the IMP mission, currently in Moscow, will be able to reach a preliminary decision by the end of the month as had been expected.

in spite of the apparent shift in emphasis in economic policy, President Boris Yeltsin warned that people should not draw "lightweight and hasty" conclusions about the significance of the latest reshuffles

In a speech to the Moscow state technical university, Mr Yeltsin reinforced his commitment to the political and economic reform programme

His rhetoric has veered sharoly towards the hardline camp since Communists and ultra-nationalists topped the polls in last month's parliamentary alections. This has led to speculation that he will run in the presidential elections in June, although he is not due to announce his intentions for another three weeks. Mr Alexander Livshits, the

president's chief economic aide who was also a contender to replace Mr Chubais, said no drastic" steps would be taken to change the course of reform. "Any such steps or statements would be fraught with a market crash no deputy prime minister would cope with," he said. Mr Yeltsin yesterday also appointed Mr Alexander Kazakoy

as head of the state property committee, which overseas privatisation policy,

Car tsar, Page 2 Poland's searnh, Page 10 Editorial Comment, Page 11

Vladimir Kadannikov: frequently urged more state support for industry and higher tariffu to protect domestic producers Print Page

# drafts bill to avert another shutdown

By Patti Wakimeir in Washington and Lise Bransten in New York

The White House and the US Congress were struggling yester-day to agree another stop-gap spanding bill to keep the federal government open beyond mid-ight ionight. The administration was yester-

The administration was yester-day considering a draft bill from Congress which would axtend funding for a month whila hwader budget negotiations con-tinue. But Mr Mike McCurry, the White House spokesman, cau-tioned that some language appended to the bill - believed to include measures to stop research on aborted foctuses -might not be acceptable to Presi-

might not be acceptable to Presi-deal Bill Clinton. However, both sides made clear their intention to resolve any problems and avoid another shut-down, which would prove very unpopular with voters. Nervousness over the continu-ing budget battle and the possi-bility of a US default was one factor pushing down US bond prices yesterday. In early after-noon trading, the benchmark 80-year Treasury bond was off over a point at 110% to yield 6.101 per cent.

Late on Wednesday the credit-rating agency-Moody's said it had placed 4987bn worth of Treasury debt on review for a possible downgrade, citing uncertainty about the Treasury's ability to continue making interest payments.

Meanwhile, the White House and Republican leaders contin-ued to debate how to find a definttive end to their budget standoff, perhaps by agreeing a limited sgenda of spending cuts and tax credits.

Republicans have offered to set aside their broader differences with the White House, including the year-long conflict over reforming publicly funded healthcare and welfare, until after the November presidential elections.

Row over protection of recordings may spark action against Tokyo in World Trade Organisation

to give the US no recourse other companies and musicians in the January 1 this year, signatories than to pursue its rights under US and other countries. January 1 this year, signatories are obliged to protect those property rights in the music would remain on the US governrepresentative, said ha was ment's priority watch list of countries with allegedly inade-

**Total European** 

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Source: JP Morgan

privatisation offerings

Estimates

then to pursue its rights under the WTO". Ha also said Japan US and other countries. The intellectual property rights of music composers and lyrio writers are protected for 50 years after their death. But the rights

rights retroactively. However, it is not clear how far

such retroactive protection must extend, according to an official at

50 years from when the Trips 50 years from when the Trips agreement came inte affect. The US claims Japan has a similar obligation. The Japanese authori-ties, however, claim their decl-sion to take neighbouring rights back only to 1971 was cleared by the World Intellectual Property Organization and other Trips sig-Organisation and other Trips sig-

US threatens Japan over music industry rights

natories, including the US.

While large Japanese recording

more than 500,000 vehicles last year. Page

Hyundai plans expansion: Hyundai Motor, South Korea's largest car company, plans to double production to 2.4m vehicles by 2000 and increase annual sales to \$26bn. Page 13

Race for top HK post: The race to become Hong Kong's first chiaf executive has taken a fresh turn with China's two most senior advisers in Hong Kong declaring themselves for different candidates Page 4

**Beer supply haited:** Indonesian brewers have stopped supplying beer to Bali, the country's prime tourist destination, in protest against a new tax on beer levied by a company understood to be con-trolled by President Suharto's grandson. Page 12

Profits boost for Booing: Reduced income tax charges, caused by the recent 10-week strike by Boeing engineers, helped generate a 39 per cent surge in fourth-quarter net profits at the US aerospace group. Page 13

American trade dispute over books: Books and magazines are at the centre of a trade dispute between the US and Canada. Page 5

2

Japan may toughen derivatives reporting: Japan's finance ministry is considering tougher rules to force securities companies to improve reporting of their derivatives exposure. Page 4

EU poised to win China sircraft contract: China is poised to approve a project to build a 100-seater passenger aircraft, with a European consortium favoured to win the contract, according to a UK trade minister. Page 5

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tation of regulations concerning tha protection of recordings. quate protection against intellec tual property violations. The dispute centres on the Japan extends agreed retroactiva rights to 1971, whila the US intellectual property rights of insists that Tokyo should uphold recording companies and musicians on recordings made in the protection back to 1946.

Mr Kantor said Japan's failure to change its rules "would appear

distant past and involves potentially huge sums in royalties for

of recording companies and musicians - known as neighbouring rights - were only agreed by many countries in 1993 under the Trade Related Aspects of Intellectual Property Rights (Trips) agreement. Under this agreement, which came into effect on

Japan's agency for cultural aff-airs. Under Japanese law, neighbouring rights are retroactiva only to 1971, when Japan's intellectual property law was revised. In contrast, in the US and many European countries, retroactive protection lasts until 1946,

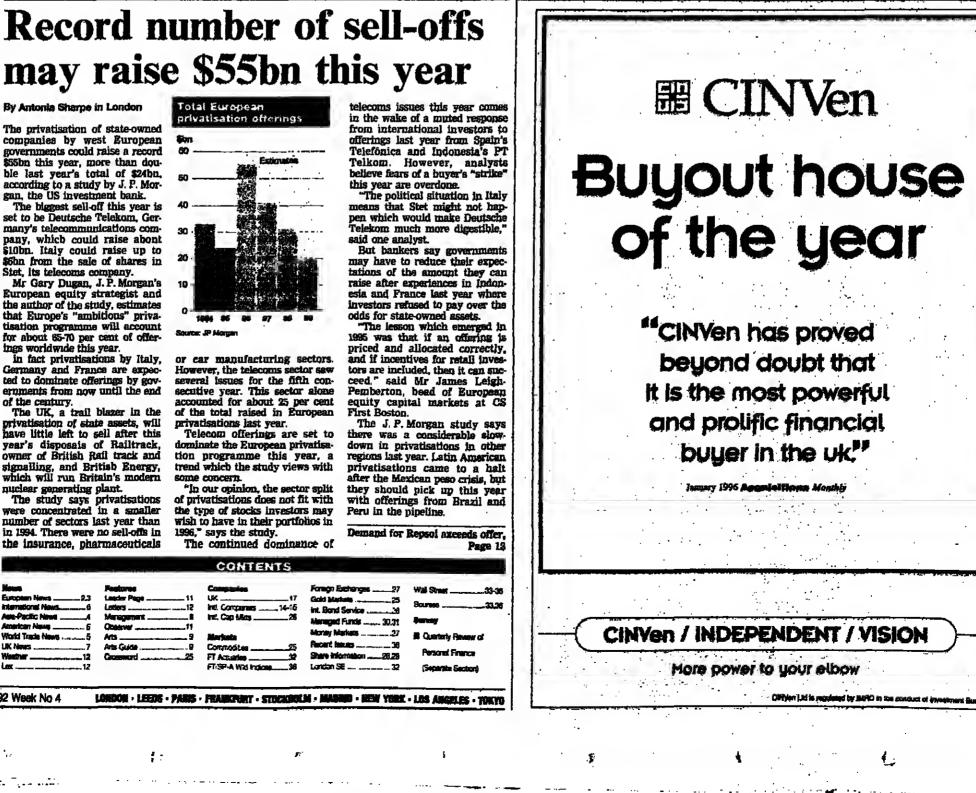
companies have licensing agree-ments with the owners of neighbouring rights, there is no law to prevent a growing number of companies which do not pay lic-ensing fees from selling CD and tape copies of popular 1960s' western rock and roll music.

This would mean the Republi cans backing down on their demands for radical budget savings, and agreeing to a more limited \$100bn in savings, in what Mr Newt Gingrich, the Continued on Page 12

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or car manufacturing sectors. However, the telecoms sector say several issues for the fifth con-secutive year. This sector alone

accounted for about 25 per cent of the total raised in European privatisations last year. Telecom offerings are set to dominate the European privatisa-tion programme this year, a trend which the study views with some concern "In our opinion, the sector split of privatisations does not fit with

nuclear generating plant. The study says privatisations were concentrated in a smaller the type of stocks investors may number of sectors last year than wish to have in their portfolios in in 1994. There were no sell-offs in 1996," says the study. the insurance, pharmaceuticals The continued dominance of

nd. Companies

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ceed," said Mr James Leigh-Pemberton, bead of European equity capital markets at CS First Boston The J. P. Morgan study says there was a considerable slow. down in privatisations in other regions last year. Latin American privatisations came to a halt after the Mexican peso crisis, but

### **NEWS:** EUROPE

# Germans do not like the economic outlook - no matter what anyone says

# Sunny forecasts fail to dispel gloom

By Wolfgang Müncheu In Frankfurt, and Judy Dempsey and Michael Lindemann In Bonn

The sharp downturn in the German economy has proved a problem to most of the country's forecasters - they did not predict it, then they denied it was happening, and now they are saying it may soon be over. But while they have been consistently optimistic, companies and consumers have been consistently pessimistic. Their current mood suggests thet the economic picture is bound to get worse, as sector after sector reporta deteriorating

returns. Profit growth, where it exists at all, originates mostly from a squeeze on suppliers and from staff cuts, the companies say. and this in turn adds to spending restraint.

The level of car purchases generally considered to be one of the best indicators of the state of tha German soul - suddealy dropped off in the middle of last year, according to the VDA motor industry association. "The prospect for 1996 does not give cause for outimism," it says.

Car dealers all over the country are feeling the pinch. Mr Rainer Gutmann, a consultant at Autohaus Müller, a Volkswagen dealership in Frankfurt, said he had noticed in particular a fall in sales to private customers, while those to busi-

ness were holding up. "In many ways, the situation now is worse that in the last recession," he said. "Unlike then, people have more money; there is a lot of inherited money swirling around. But people are afraid of losing their jobs, so they keep driving their old cars a little while longer, The only encouraging thing is that people don't try to save

By Emma Tucker in Brussels

and Bernard Gray in London

cent in west Germany in real terms to the lowest volume for three decades. A 3 per cent drop is forecast in the east, largely because local authorities are under pressure to reduce costs by cutting public expenditure.

Similar pessimism prevails in the rest of the retail sector. apart from aggressive discount department stores.

Mr George Hardy, who owns three interior design shops in one of Berlin's fashionable districts, shrugs his shoulders when he thinks abont the

people hold back for a few weeks in terms of ordering or buying furniture. But over the past year I have seen a seachange. People are simply not spending."

Mr Hardy expects no improvement in the coming months: "The taxes are too high. Consumer spending is money on safety equipment."

Construction industry expects lowest investment in 30 years

Pessimism about German economic growth prospects increased yesterday when the construction industry said it expected investment this year to be the lowest for 30 years and unemployment in the industry to rise by almost half to 300,000, writes Judy Demosey. The forecasts coincided with a report by the industry

association (BDI) showing insolvencies for the first 10 months of last year at 18,000, 17 per cent ahead of the level in the same period in 1994. The number of employees in tha manufacturing and mining sectors fell by 3 per cent over the same period.

The reports are likely to increase pressure on the government to produce a convincing programme for stimulating the economy and creating jobs when it unveils a special package of measures. including tax proposals, next Tuesday along with its economic

Mr Christian Roth, president of the construction industry association, predicted yesterday that the number of insolvencies in the sector this year would rise to 6,000 from last year's record 5,500, leading to a further 90,000 jobs losses. It would also

depress prospects of any pick-up in investment. Public sector construction investment is expected to fall 5 per

He said many Germans, once punctilious about paying on time, were frequently resorting to delays, putting small suppliers at risk.

future. "I've seen times when

Mr Steffen Kern from Germany's association of retailers (HDE), said: "The problem is that the growing fear of unemployment will damp down any expectations of an improve-

ment in the retail sector over the coming months." HDE expects zero growth in the retail sector this year -and that follows three years of negative growth. Economists

flat. I see no signs of a let-up."

believe consumer spending will not grow by more than 2 per cent this year. This bodes ill for the industry which accounts for about 27 per cent of total gross domestic product and employs 3.3m people.

The energy sector is just as dependent on a rise in consumer spending. Mr Matthias pay rises. This year, the gov-Köppel from RWE, Germany's largest nulity, reckons that

specifically exempted from single mar-ket rules which force governments to hold open competitions under Article rationalisation should go hand in hand 223 of the Treaty of Rome. France, in particular, has pursued a policy of

with development of a common EU foreign and security policy. national autarchy in defence procure-According to Mr Martin Bangemann.

the end of the Cold War has increased

pressure for consolidation across

national boundaries. This week Mr

While many countries have tradition- presented to the Council of Ministers ally protected their defence industries, the reduction in defence spending since

Denmark **Brussels backs defence competition** questions defence procurement could save national budgets as much as Eculibn (19bn) a year. It also argues that this market, but that Article 223 was still aid for needed for national security reasons. shipyard The Commission's plans were put for-

ward in a discussion document, to be and the European Parliament, on the need to develop a common European By Hilary Barnes EUROPEAN NEWS DIGEST

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# Rome pressure on Alitalia

The Italian government has embarked on a finely balanced game of threat and bluff to persuade recalcitrant Alitalia pilots to accept a restructuring plan to relaunch the national

warned the pilots that if they failed to reach an agreement, especially on a truce on industrial unrest, the government would be obliged to step in with a much tougher shake-up of Alitalia. "This would mean the European Commission imposing extremely strict conditions regarding the growth prospects and development that would penalise the company."

deal might be reached following the breakdown a week ago of talks between Alitalia management and unions. "There are signs of rethinking and greater maturity among the protagonists," he observed.

Fresh talks are expected to begin again today with representatives of the unions. Negotiators are attempting to eparate the thorny issue of pay from other areas where there is evidence of an emerging consensus - the idea of an 18-month labour truce and the need for a L1,500bn (\$950m) capital injection. Robert Gruham, Rome

### Eutelsat opens its doors wider

Eutelsat, the European satellite communications group, has opened the door to investors other than its existing owners to hold shares in the company, allowing new telecome operators and broadcasting organisations to invest in and have access to the group's satellite systems.

The move is seen as a response to the increasingly competitive nature of satellite communications in Europe and

Entelsat is controlled by its 44 member countries, each of which holds a stake in the group through a designated

allowing more than one signatory for each member country. Entelsat is in direct competition with Luxembourg-based Société Européenne des Satellites, owner of the Astra satellite system. The main battleground is digital television; when Astra's three latest satellites are in place at the end of next year It will be able to direct 500 channels of digital television

called "Hot Bird" capable of either analogue or digital broadcasting with a further 500-channel capacity. Broadcasters entering the digital television field might feel

company, officials said. Alon Cone, London

### Hungary to start power sell-off

Hungary's state privatisation and holding company (APV) is to offer 8 per cent stakes worth Ft 19.1bn (\$136m) in the country's six electricity supply companies to holders of government-issued coupons. The first exchange will begin on February 12 be for Ft Sbn worth of shares in Demasz, the supply company in the south of Hungary, according to Mr Tamas Suchman, the privatisation minister. In a new move, a fifth of the shares in the Demasz offer will be allocated to holders of coupons living abroad.

Later in the year, a 2 per cent nominal value Ft 5bn stake in MVM, the national electricity company, and a 5 per cent nominal Ft 5bn stake in MOL, the national oil and gas company, will also be offered in exchange for coupons. At the end of last year, APV sold 48 per cent stakes in the

electricity supply companies to French and German utilities. Electricité de France paid \$155m, or 120 per cent of book value, for 47.7 per cent of Demasz. Kester Eddy, Budapest

carrier. Mr Giovanni Caravale, the transport minister, yesterday

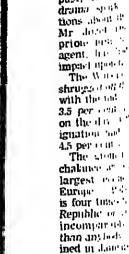
However, the minister also showed some optimism that a

also represents a step closer to privatisation.

signatory – usually the country's principal telecommunications operator. The group's controlling body meeting in Paris yesterday agreed a change in its rules

towards Europe. Eutelsat is launching three new satellites

more confident using Eutelsat if they had a stake in the



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By Anthony But

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The debate about Germany's competitiveness, its high labour costs and tough regulatory environment, has added to the prevailing uncertainty. Some companies have moved production abroad, especially to countries like Poland or the

point ont that whatever

growth rates there may be will

Mr Gerhard Cromme, who

heads the Krupp Hoesch steel

and engineering group, said

"investments in plant will rise

by perhaps 3 or 4 per cent this

year, but what we really need

is 6 or 8 per cent." He and

others say there was a "psy-chological collapse" last

autumn when German compa-

nies first felt the impact of the

stronger D-Mark on their order

be insufficient.

ernment cut some taxes, giving The bigger companies may Germans at least an extra be slightly more optimistic but The bigger companies may Czech Republic.

of that," said Mr Köppel "The tax burden and the fear of unemployment means that people are holding back." The other reason they are holding back is that real incomes fell in 1994 and 1995, as higher taxes and social security contributions outstripped

overall energy consumption

will grow by only 0.5-1 per

cent. "We are not that optimis-

tic," he said, despite the bit-

terly cold weather in recent

The sector had been hoping

Weeks

pany was blunt about the prosthat the abolition of the Kohlepfennig, a surcharge on pects for higher consumer spending. "It's all windowmestic electricity consumers to subsidise the coal industry, dressing. There may be less taxes to pay but other costs would boost energy consumphealth insurance. national tion. "We do not see any signs insurance contributions, the fees for public services - have all gone up. There can't be any

Demolition crew at work last year on the former Bast German foreign ministry in Berlin

higher consumption.

DM10bn (£4.5bn) to spend,

according to conservative estimates, but few see this feeding

through into significantly

medium-sized electronics com-

The chief executive of a

books. higher consumer spending." Other industrialists point out that German industry is working below full capscity anyway, so there is little incentive, and not much money, to make further capital investments.

become law in anything like their current form, despite increasing interest in defence co-operation.

Plans to open the tendering for

government defence contracts to full

competition were floated yesterday by

the European Commission. But resis-

tance by member states with large arms

Brussels believes that extending public procurement rules to the defence sector to ensure that all companies have a chance to tender could reduce costs dramatically and improve the competitiveness of Europe's defence industry.

At the moment defence contracts are

h noli. cies lead to the fragmentation of the European defence market, generate unnecessary costs and reduce the competitiveness of European companies.

ment for more than 30 years.

Mr Hans Van den Broek, tha external relations commissioner, said yesterday: "The state of health of the defence industry is such that ... unless action is taken soon whole branches of the industry could disappear in Europe." Brussels claims that rationalisation of to agree to a fully open market in the industry - receives from ministers.

Charles Millon, the French defence minister, repeated a call for the creation of a European defence industry. France and Germany recently formed a common procurement agency, which Britain would like to join. However, these countries are unlikely defence industry. "A common foreign and security policy loses its significance

if Europe does not have its own arms competence," said Mr Bangemann. sion to investigate German financial backing for the Bre-It is too early to say whether the mer Vulkan Shipyard, one of the Danish shipbuilding indus-Commission will come forward with definite proposals for developing a common European defence policy. Much depends on the reception that the document - the result of discussions with

street. A quarter of a century

A delegate from Estonia

try's main European competi-Bremer Vulkan, with 23,000

employees, was recently saved from collapse by the provision of loans and state-backed guarantees from the City of Bremen to the value of DM220m (\$150m).

Mr Thorkil Kristensen, managing director of the Association of Danish Shipbuilders, said yesterday that government support for shipyards was forbidden under European competition rules without the prior approval of the European

Danish officials have been lobbying in Brussals for an investigation of the financing of Bremer Vulkan. The industry ministry said it was "diffi-cult to see" how any aid given to the yard could be approved by the Commission.

"Wa have no reason to think that the Commission will not handle this case correctly, but wa shall be keeping a very careful eye on it," he said.

The Danes already have one case pending in the European Court involving MTV, one of the largest of the east German shipyards, which was bought by Bremer Vulkan after the country was reunified.

The Association of Danish Shipbuilders, backed by the Danish government, is alleging thet the Commission exceeded its powers when it approved German government subsides to the eastern shipyards. They maintain that tha

capacity of the modernised yards would be far bigger than was agreed by the Commission when the subsidies were first proposed.

The Danish government itself has refused to provide any form of financial support for Copenhagen's Burmeister & Wain shipyard, which is threatened with closure in March.

future is in the balance.

industry ministry recently published a report concluding that the country's shipbuilding industry was internationally competitive and had a bright future as long as it did not have to compete against yards receiving direct or indirect state subsidies

the clock running for the formation of a new government. Party leaders have 45 days following the speaker's election to agree on a coalition, falling which the president must call fresh elections. MPs chose Mr Mustafa Kalemli, of the conservative Motherland party, as speaker, easily defeating the candidate of the Islamist Refah party, the largest in parliament. However, Refah's candidate still managed to attract votes from 39 secularist MPs in yesterday's ballot, taking 196 votes. Parliament has 550 members. Coalition talks are making little headway, even though general elections were held over one month ago. Mrs Tansu Çiller, caretaker prime minister and head of the conservative True Path party, is attempting to attract the Motherland party into an alliance. But Mr Mesut Yilmaz, Motherland party leader, has indicated that personal and political differences with Mrs Ciller are insurmountable, encouraging speculation that he may seek a coalition deal with Refah. John Barham, Ankara

### Machine tool output rises

West European machine tool makers, badly hit by the recession of the early 1990s, are enjoying a strong recovery in output and in exports, according to Cecimo, the industry'a European unbrella organisation. Production will rise 10-15 per cent in 1996, following an estimated 22 per cent increase last year, says Cecimo.

But Mr Jean Heymans, secretary general, said yesterday the recent recovery started from a low base in the depths of the recession. He added that even though volumes were rising, the industry's profits remained under pressure, squeezed between increases in the costs of raw materials and an inability to pass on the price rise to customers. Cecimo estimates machine tool output last year in 12 leading

European producing countries rose to Ecu12.38bn (£10.4bn) including exports of Ecu8.59hn. Imports totalled Ecu4.92bn.

The British Machine Tool Technologies Association forecasts a strong year for the UK industry, with an 18 per cent output Stefan Wagstyl, London rise in both 1996 and 1997.

#### ECONOMIC WATCH

European sirfines

Revenue passenger kms

In Europe (bn)

4.20

100 -

80-

Air passenger travel up 6.3%

airlines within Europe grew by a further 6.3 per cent last year. to 94.87bn kilometres of passenger revenue, up from 87.3bn in 1994, according to the Association of European Airlines (AEA) yesterday. Total international passenger travel for member airlines was up 7.6 per cent to 372.8bn km, from 346bn in 1994. December international freight traffic rose 3.8 per cent to 1.990bn revenue freight tonne km, for a 1995

Passenger travel on European

increase of 7.6 per cent to 1992 93 94 95 22.46bn from 20.82bn. The increase means

intra-European airline traffic has increased by almost 30 per cent in the past three years. Mr Karl-Heinz Neumeister, secretary general of the Brussels-based AEA, said the rapid increase was a consequence of the liberalisation of European air traffic over that time. "It is clear that the ability of airlines to exercise scheduling and pricing freedom has had a positive effect," Mr Neumeister said.

"Nevertheless, there is a catch. How long can the infrastructure within which we operate go on absorbing such huge numbers of new travellers each year?" he said. Richard Adams, London

• Dutch GDP growth in the third quarter of 1995 was 2.2 per cent, compared to the preliminary estimate of 2.3 per cent published in November. AP. Amsterdam

#### By Caroline Southey in Strasbourg

His face flushed, his finger wagging menacingly, Mr Vladimir Zhirinovsky shook the Council of Europe chamber vesterday as be threatened: vote against us today and you will drive millions of Russians into the arms of my ultra-nationalist party.

"If you vote against Russia today I will be grateful to you. It will be a gift to my party for the next presidential elections. Every time I tell Russians how much western Europe hates them they vote for me," he told European parliamentarians at the 38-nation body.

They did not. The delegates decided by the unexpectedly wide margin of 164 to 35 to givings about the vicious war allow Russia in as the 39th in Chechnya, human rights member of the council, which rule of law and to say Yes to seeks to promote human rights and democracy in Europe. But the Russian Federation. they attached more conditions

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to Russian membership than to any previous accession.

felt by the delegates who just a The vote will be welcomed in year ago voted to suspend Rus-sia's membership application Moscow where it was seen as a measure of the west's support in protest against the Kremfor President Boris Yeltsin, lin's brutal suppression of the even though the delegation Chechen separatists. arguing the case included some

While Mr Zhirinovsky's of his bitterest rivals - Mr unsophisticated bullying might Gennady Zyuganov, the Comhave been easy to dismiss, the issues he raised touched raw munist leader whose party dominated December's parlianerves, particularly over Chementary elections, and Mr chnya and the dangers of a

Zhirinovsky, whose party is a Russian Federation isolated significant force in parliament. from the rest of Europe. During yesterday's all-day The majority appeared to debate - in which the other favour Russian accession as an Russian delegates were rather antidote to further destabilisamore low-key than Mr Zhirintion, but a significant minority ovsky - a large majority of speakers urged the 249 deleargued that acceptance of its fledgling democracy was pregates from the 38 national parmature, liaments to set aside their mis-

Mr Ernst Muehlemann, the Swiss MP responsible for the report recommending accession, warned thet keeping Russia out would make it more frustrated and "more aggressive". The council had a

Russia, was built in an enthn-

increasing criticism.

region did not become "a second Balkans". be brought to book if it failed to apply the council's rules, Mr

David Atkinson from the UK suggested that if Russia "failed to fulfil its obligations", the assembly had a number of sanctions, including suspension of membership. Mr Evgen Marmazov from the Ukraine, breaking ranks

with Russia's other close neighbours, argued that dele-gates should welcome Russia, despite the absence of the rule of law. "We have accepted a series of countries which did not comply with the host of standards set down by the assembly. A similar approach should be applied to Russia." Others were more cautious. Mr Jaromir Kalus from tha Czech Republic reminded the

columnist Mikhail Leontyev

# Car tsar takes wheel of economy

Russian's promotion to government post draws withering fire

#### By John Thornhill in Moscow

abuses and the absence of the

But interventions from the

siastic burst of Soviet central One of Russia's foremost liberal economists, Mr Andrej filarionov, made clear yesteremploys 100,000 workers. day what he expects from Mr Vladimir Kadannikov, just confirmed as first deputy prime minister in charge of

economics. "Look at what is many a cruel Russian joke. bappening at Avtovaz," be said, "and you will understand what will happen to Russia." The comparison was not meant to be flattering. Avto-

vaz, Russia's biggest car plant, which has been run by Mr Kadannikov since 1988, has recently fallen into a perilous financial state and has been forced to settle its delayed wages bill by raiding its

reserves. The vast Avtovaz plant, based in Togliatti in southern

wrote: "The plant which Mr planning to be the pre-eminent Kadannikov manages is in an car manufacturer and still appalling condition even taking into consideration the It has turned out thousands objective economic problems of basic Lada cars, adapted in the Russian market." from an original Fiat design, which have become the butt of Mr Leontyev claimed Avtovaz had not produced a new

model since 1988 despite build-Despite being a life-long ing np company debts of member of the Soviet Commu-Rbs5,500bn (\$1.2bn). The mannist party, Mr Kadannikov agemant had no answers to eagerly embraced the opportutheir problems other than callnity to privatise the company ing for higher tariffs on the management and imports, he said, accusing employees own 38 per cent them of redeploying company and drew up a number of granassets into the related Logovaz diose development plans. But none has produced concrete financial enterprise.

Not all assessments have results and Mr Kadannikov's been so harsh. Mr Roger Gale, management has attracted the head of the Moscow office of the International Finance In a withering attack in yes-Corporation, investment arm terday's Sevodnya newspaper, of the World Bank, said:

لي د 10 د مسلم د د

"Kadannikov is personally a very charming man and is physically very imposing. Be is certainly very respected in Industrial circles."

Whatever Mr Kadannikov's merits as an industrial manager, his political skills are not in doubt. He is a frequent visitor to the Kremitn and is close to many of President Boris Yeltsin's aides. A photograph of him with the presi-

dent featured prominently in the latter's autobiography. In 1992, Mr Kadannikov came close to being appointed prims minister following Mr

legor Gaidar's dismissal. But he lost out to Mr Victor Chernomyrdin, an industrialist of seemingly similar style and convictions, who has since turned out to be an effective proponent of economic reform.

.....

ATA ' Tha yard's creditors claim they have put together a plan

B & W's problems aside, the

which will keep it open, but have not published details of the plan and the shipyard's

the base set and rate rate of

Turkey names new speaker Denmark's government has Turkey's parliament elected a new speaker yesterday, setting asked the European Commis-

Council of Europe votes Russia in assembly that he was of the generation which woke up to floor reflected deep concerns

responsibility to restore stability in the Caucusus so that the find Russian tanks on the Seeking to reassure waverlater. Russian tanks have ing delegates that Russia could invaded their own territory."

warned against voting for Russia's accession on the basis of a "surreal mixture of wishful thinking and fears". Russia was not a state based on the rule of law and the council should accept only a "modern state ready to fulfil its obliga-

tions". In a similar vein Mr Dumeni Columberg, a Swiss MP, warned that it had been a dreadful illusion that an enormous empire such as Russia could be reformed in only five years and that democracy would succeed so easily. It was a further illusion that the weak monitoring of the Council of Europe could ensure that Russia honoured its commitments.

### **NEWS: EUROPE**

#### **Poland searches for a PM** Calls for French By Anthony Robinson

two main opposition groups in parliament which stem from the former anti-communist Sol-

idarity alliance.

#### and Christopher Bobinski in Warsaw

Rome ph

<sup>1</sup> Lateria

Poland'e ruling coalition leaders yesterday started the search for a new prime minister as Mr Lech Walesa, the for-mer president, repeated his call for fresh parliamentary elections to resolve the country's political crisic President Alexander Kwas-

niewski called leaders of the Democratic Left Alliance (SLD), the main party in tha ruling coalition, to the presidential palace following the resignation on Wednesday of Mr Jozef Oleksy. The former premier faces an official investigation into his alleged links with Russian intelligence The president then held sep-arate talks with Mr Waldemar

Pawlak and other Peasant lower house of parliament, Party (PSL) leaders before the would be acceptable. junior coalition partner set off

Mr Zych is not believed to be for talks with the SLD to try to interested in the premiership find a mutually acceptable canand the SLD hopes it can persuade its coalition pariner to accept Mr Marek Borowski, a didate, avoiding the need for early general elections. However Mr Walesa, who former finance minister, who is lost the presidential election to close to the president and heads the powerful cabinet. office of Mr Wiodzinnierz Cimo-Mr Kwasniewski last November, said yesterday the only democratic "way" to resolve such a crisis would he "to hold szewicz, deputy speaker of the new elections". The PSL is making a bid for Mr Cimoszewicz stood unsuc-

cessfully for the presidency against Mr Lech Walesa in 1990 the premiership but its candidate - Mr Miroslaw Pietrewicz, a former academic who heads and took over as head of the constitutional committee when the central planning ministry Mr Kwasniewski, its former - is not taken seriously by the chairman, becama president SLD which wants to keep the top government post. It indilast month. He is an independent-minded

nevertheless that Mr figure who tried to dissuade Mr Jozef Zych, a senior PSL politi-cian, marshal of the Sejm, the Kwasniewski from running forthe presidency because he

feared it would stir up latent anti-communist feelings. Four months ago he wrote a contro-

savings versial joint article suggesting former communists and their rate cut Solidarity opponents should work towards healing the historic divisions hetween Poland's main political forces. By Andrew Jack in Paris The appointment of a sup

porter of such a Polish-style "historic compromise" would The French government came under growing pressure yes-terday to reduce the rate help to broaden the appeal of a revamped coalition govern-ment still dominated by politioffered on one of its key savings products as part of efforts to raise the level of concians with a communist past. sumption and kick-start the President Kwasniewski is expected to consult today with leaders of the centrist Freedom economy. Representatives of the coun-Union and the left-wing Union of Labour (UP). These are the

http:// leading banks called on Mr Jean Arthuis, the econom-ics and finance minister, during a morning meeting to cut the rate of the "Livret A" offered through the French Post Office and the national savings hank to levels in line with other savings products.

The pressure comes as the government considers measures likely to be unveiled next week in conjunction with Germany to boost economic growth, as well as details of policies to help consumption promised at the time of its social summit late last year.

The correct tax-free rate of 4.5 per cent on the Livret A has remained fixed since 1986, and has become an increas-ingly attractive low-risk form of non-productive savings at a time when returns on other products have been dropping. Mr Arthuis met the beads of Société Générale, Banque Nationale de Paris, Crédit Agricole, Crédit Lyonnais and tha

right to distribute the Livret A spread across the sector. His aim was to persuade the banks to cut their own interest rates

boost consumer spending. Mr Bené Barberye, head of the Caisse d'Epargne, the savings bank, added to the pressure to cut the rate on Livret A by 0.5 percentage points yesterday morning, rather than risking losing his duopoly rights to issue the product. His comments follow similar calls from Mr René Monory, head of the French Senate, and Mr Etienne Pfimlin, head of Crédit Mutuel, which has the

exclusive right to distribute

Criticism of Giscard's call for flexible Emu

By Andrew Fisher in Frankfurt. Andrew Jack in Paris and Bruce Clark in London

Mr Giscard said on Wednesday French and German politicians reacted sharply yesterday that the Maastricht treaty criteria on public debt and budget deficits should be interpreted against the suggestion by Mr Valery Giscard d'Estaing, for-mer president of France, that to allow for the effects of ecothe criteria for European economic slowdown. France faced nomic and monetary union be interpreted flexibly to ensure it difficulties in meeting the debt target of 3 per cent of gross could begin on time in 1999. domestic product.

Although the treaty contains scope for interpretation if countries are judged to be mov-Mr Klaus Kinkel, German foreign minister, said Emn should be completed on scheding steadily towards the crite-ria levels, the German govern-ment and Bundesbank have ule and with a strict interpretation of the criteria. "If Emn fails, the risks for the German economy will be incalculable. taken a rigorous line on the need for candidates to fulfil the The whole European integra-tion process would be endanstandards for Emu. Mr Kinkel painted a bleak gered.

Mr Hervé de Charette, nicture of the consequences for France'a foreign minister, Germany if the Emn project stressed his continuing comcollapsed. These would include foreign exchange unrest and mitment to the Maastricht conditions. The move to a single corrency was "an absolute pri-"probably a strong revaluation of the D-Mark", damaging ority" for France "in the time-

table and with the conditions' market would be called into set down in the Maastricht treaty. The controversy began when

question and the danger of economic nationalism and compet itive devaluations would proba bly reappear. He said neither a weakening of the criteria nor a postponement of Emu was scceptable to Germany. The Bonn government was prepared to start Emu with a small group of countries, but France must be one of them.

Scepticel comment came from prominent figures in France, including Mr Marc Viénot, head of Société Générale, the bank, and Mr Pierre Dauzier, chairman of the Havas media group. Both warned the timetable for 1999 may be too tight. Mr Jean Arthuis, economics and finance minister, conceded this week that France might not be able to meet its budget deficit reduction target for 1995 as a result of unaxpectedly lower tax receipts. But he stressed yesterday it would remain

### exports and jobs. The single within "reasonable" limits. Finnish PM to maintain 'tight financial policy'

slower rate than we expected.

But he said the government's

By Christopher Brown-Humes In Helsinki

Mr Paavo Lipponen, Finland'e target of halving unemploy-Social Democratic prime minisment to around 9 per cent over its four-year term of office remained in place. "It is premater, has promised his government will maintain fiscal disciture to judge us after only pline despite mounting eight months in power," he criticism of its failure to tackla one of the Europe's highest

The five-party coalition govunemployment rates. He said it made no sense to ermnent's commitment to fisstimulate the economy "outcal discipline is embedded in a side the framework of a tight FM20bn (\$4.4bn) programme of spending cuts - agreed imme-diately it took office last April financial policy" hecause employment prospects would be damaged by higher interest - and a drive to make Finland rates, lower investment and one of the first members of European monetary union. slower growth,

But figures published yester-The tough stance has been day showed the scale of the rewarded by financial markets, problem the government is facbringing e 3.5 percentage fall in long-term bond yields over the past eight months. ing: Finnish unemployment fell just 0.4 percentage points to 17 per cent in 1995, despite But hopes of lower unemeconomic growth of 4.5 per ployment have been eroded by cent. the impact of slower economic

In an interview with the growth in Europe, a strengththe "Livret Blen", a product Financial Times, Mr Lipponen ening of the markka, available on identical terms. acknowledged Finnish unem in the labour supply. ening of the markka, and a rise

A hot for that in the

"Stabilising the economy is a ployment was "falling at a prerequisite for bringing unemployment down. If we had not made these cuts when the economy was growing, we could have had a double crisis of high unemployment and weak atate finances when demand is lower. That would really break us," Mr Lipponen stated

He promised a new package of measures to tackle joblessness next month, including structural reforms and a programme to boost construction, "The priority now is the domestic economy," he stated. Mr Lipponen said the gov-

ernment would miss Mr liro Viinanen; the finance minister and architect of Finland's austerity drive, who announced his resignation last week to join an insurance group. But he stressed there would be "absolutely no change in fiscal discipline" under Mr Sauli Nünisto, Mr Viinanen's designated successor.

1.1.1.11

# Warsaw markets nonchalant By Anthony Robinson and Christopher Bobinski

cated

Unlike so many crises in the past, the six-week political drama sparked off by allega-tions about the links between Mr Jozef Oleksy, Poland's prime minister, and a KGB agent, has had no noticeable impact upon the economy.

The Warsaw stock exchange shrugged off the crisis entirely, with the index rising a further 3.5 per cent in heavy trading on the day of Mr Oleksy's resignation and rising e further 4.5 per cent yesterday.

Maastricht convergence crite-The grounds for such nonchalance are easy to see. The rion. largest economy in central Europe - Poland's population tained rapid growth and is four times that of the Czech macro-economic stability, cou-Republic or Hungary - is in incomparably better shape than anybody could have imaggrowth within the now 65 per cent private or privatised econined in January 1990 when the omy, reflects a broad spectrum. first Solidarity government of agreement on economic pollaunched its pioneering "shock therapy" stabilisation and icy between the government reform plan.

Last year it grew by 6.5 per cent against the background of an appreciating currency, declining inflation and lower interest rates. This was made possible by strong export performance, especially over the first half, and a \$9bn capital

inflow which led to a real appreciation of the currency and cheaper imports which helped to dampen inflation. The 1996 hudget, which

cent of GDP, is comfortably

within the EU's 3 per cent

The combination of sus-

pled with continuing privatisa-

tion and high productivity

and the opposition.

Political shock has little impact on growing economy

while the PSL exists to defend passed smoothly through the Seim, the lower house of parthe interests of Poland'a large rural population, using its liament, and will shortly be influence as the swing party of ready for the president's signa-Polish politics to gain ecoture, assumes at least 5.5 per nomic and other concessions cent growth for this year. The budget also anticipates a furfor farmers. It is suspicious of privatisation and foreign investment and unenthusiastic ther decline in inflation from last year's 22.6 per cent to ebout Poland's ambition to around 17 per cent and a bud-get deficit which, at 2.8 per enter the EU.

As economic growth stimulates the development of Poland's middle class, Poland may see a political realignment along more conventional class

and interest lines. Poland'e finance minister, Mr Grzegorz Kolodko, warns that if the political crisis over alleged KGB links with senior SLD politicians deepens and makes early general elections unavoidable, the government's privatisation timetabla could be delayed. But he is optimistic. "Look outside, nobody is

The dominant reforming protesting in the streets. The wing of the Democratic Left . Alliance (SLD), which has situation is calm. This is largely because our economic ruled Poland in coalition with policies are working. People the Peasant Party (PSL) since are enjoying higher incomes, September 1993, has broadly lower inflation and more jobs." continued the market-orien-tated policies initiated by the the SLD-led government for

Freedom Union (UW), the forbacktracking on privetisation mer Solidarity party, in 1990. The SLD and the UW are both largely urban parties them

more than any other Polish govarnment," says Mr Kolodko. "Last year alone pri-vatisation brought over \$1bn into the treasury.

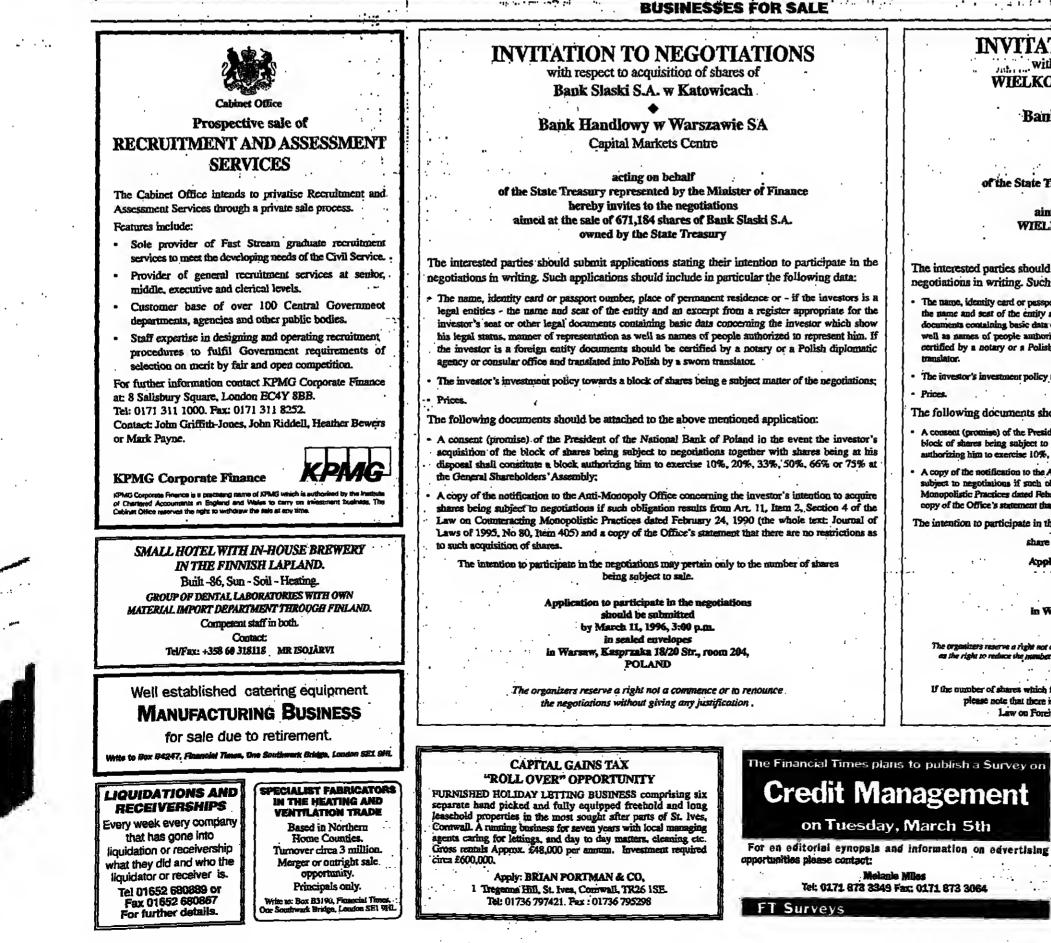
simply isn't the appetite for banks will be privatised but their privatisation is also linked to reform of the social security system and pension reform

The plan is to capitalise the proposed new contributory pension funds with the shares of the consolidated banks and other profitable state-owned companies such as the Miedz copper complex and Polish telecom also scheduled for partial privatisation this year.

and opting instead for reorgan-isation of the state-owned sec-tor, as in its controversial plan to consolidate several smaller banks into two big state-owned banking groups led by Bank Handlowy and the Pekao SA bank, instead of privatising This government intro duced the mass privatisation programme and has privatised

"Banks already represent over 30 per cent of the total capitalisation of the stock exchange. We privatised two banks last year alone. There more banks. The consolidated

Caisse d'Epargnes, some of whom have argued in the past that they would like to see the as part of a concerted effort to



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INVITATION TO NEGOTIATIONS with respect to acquisition of shares of WIELKOPOLSKI BANK KREDYTOWY SA

Bank Handlowy w Warszawie SA Capital Markets Centre

\*\*\* acting on behalf

of the State Treasury represented by the Minister of Finance hereby invites to the negotiations aimed at the sale of 13,763,200 shares of WIELKOPOLSKI BANK KREDYTOWY SA owned by the State Treasury

The interested parties should submit applications stating their intention to participate in the negotiations in writing. Such applications should include in particular the following data:

The name, identity card or passport number, place of permanent residence or - if the investors is a legal entities the name and seat of the entity and an excernt from a register appropriate for the investor's seat or other legal documents containing basic data concerning the investor which show his legal status, manner of representation as well as names of people amborized to represent him. If the investor is a foreign emity documents should be certified by a notary or a Polish diplomatic agency or consular office and translated into Polish by a sworn

The investor's investment policy towards a block of shares being a subject matter of the negotiations;

The following documents should be attached to the above mentioned application:

ant (promise) of the Prezident of the National Bank of Poland in the event the investor's acquisition of the block of shares being subject to negotiations together with shares being at his disposal shall constitute a block authorizing him to exercise 10%, 20%, 33%, 50%, 66% or 75% at the General Shareholders' Assembly:

A copy of the notification to the Anti-Monopoly Office concerning the investor's intention to sequire shares being subject to negotiations if such obligation results from Art. 11, hem 2, Section 4 of the Law on Counteract Monopolistic Practices dated February 24, 1990 (the whole text: Journal of Laws of 1995, No.80, Item 405) and a copy of the Office's statement that there are no restrictions as to such acquisition of shares.

The intention to participate in the negotiations may pertain to blocks of shares representing 5% of the

share capital of the company or their multiplicity.

Application to participate in the negotiations should be submitted

by March 11, 1996, 3:00 p.m.

in sealed envelopes in Warsaw, Kasprzaka 18/20 Str., room 204. POLAND

he organizers reserve a right not a commence or to renounce the negotiarions without giving any justification as wel as the right to reduce the number of shares provided in the application and the right to sell shares being subject to The organizers reserve a right not a come 

If the number of shares which foreign investors intend to acquire is larger than 50% of the share capital, please note that there is an obligation to obtain an appropriate permit on the basis of the Law on Foreigners' Purchasing Real Property dated March 24, 1920.

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### **NEWS:** ASIA-PACIFIC

### Beijing's most senior advisers pick different men to be first chief executive of post-1997 Hong Kong ADB in talks on Elder statesmen promote rivals for top HK post Indian

#### By Simon Holberton in Hong Kong

The race to become Hong Kong's first chief executive has taken a fresh turn with China's two most senior advisers in Hong Kong declaring themselves for different candidates

Mr TK Ann, 84, said before leaving for today's inaugural meeting in Beijing of the Preparatory Committee, the 150-member group overseeing Hong Kong's reversion to China, that he thought Mr CY Leung was the man for the job.

Mr Leung, 41, is a surveyor by profession who has been closely

revision.

ASIA-PACIFIC NEWS DIGEST

high, December imports were Bt161bn.

excluding loans by offshore banks).

record \$37bn (£24.6bn).

lower in volume terms.

Thai deficit

forecast raised

Thailand's central bank is likely to raise its current account

7.1 per cent of gross domestic product, already a four-year

high, the bank said yesterday. Higher than expected import

deficit estimate for 1995 above the previously forecast

levels in November and December, including an excep-

tionally high defence import bill, were the reason for the

The import bill for November was revised upward to a

record Bt168.2bn (£4.4bn) from an original estimate of Bt152bn.

November's current account deficit was Bt33.8bn, a five-month

Other figures released by the bank show its tight monetary

policy is continuing to have the desired effect of slowing the economy. Private investment, up 14.2 per cent in December

from a year earlier, slowed its growth for the sixth straight

Foreign currency reserves continued to climb, hitting a

fall, increasing 24 per cent in December (20.2 per cent

month. Manufacturing production rose 9.4 per cent, growing

only slightly. Growth in commercial bank credit continued to

Hong Kong retail sales down 5%

The malaise in the shopping malls of Hong Kong showed little

sign of abating in November, with retail sales 5 per cent lower

in volume terms compared with the previous month and 1 per

cent below a year earlier, figures released yesterday showed.

Hong Kong does not seasonally adjust its retail sales figures, so the large drop in November sales (compared with October)

may exaggerate the true direction of consumer demand. The

government said sales of motor vehicles continued to decline

significantly compared with a year ago, and were 41 per cent

Sales in department stores improved for the first time in

to the end of November. Economists expect a recovery in

conditions and a brightening outlook for the Chinese

New Zealand GDP surprise

consumer spending this year on the back of easier monetary

nine months, rising 1 per cent in volume terms over the year

Ted Bardacke, Bangkok

Simon Holberton, Hong Kong

associated with Beiling's cause in ning of intense lobbying for Hong the colony since the early 1980s. Mr Kong top political job.

. ....

Hong Kong policy in Beijing.

Less than two weeks ago Mr Henry

Fok, 72, another very senior China

adviser, came out strongly in favour

"It is an enormous piece of patron-Ann, an elder statesman, is an industrialist who has never been far age for the Politburo to dispense," observed on western diplomat. "The from the inner councils making balancing of vested interests will be His decision to speak out in favour difficult, especially against the backof Mr Leung Dits the latter against ground of an uncertain leadership Mr CH Tung, 58, a shipping tycoon. situation in Beijing."

All four men were appointed vicechairmen of the preparatory committee late last year. The committee's two-day meeting in Beijing is expected to establish sub-committees to take charge of various aspects of the

of Mr Tung. The public statements by Mr Ann and Mr Fok, both of whom prefer to act behind the scenea, were described by diplomats as the beginhandover as well as decide a code of conduct for committee members.

This may involve a requirement that members observe collective responsibility and confidentiality. Beijing is expected to keep a tight rein on proceedings and allow little room for deviation from existing pol-

The most urgent task facing the committee, however, is the selection of 400 Hong Kong people to form an electoral college to recommend a candidate for chief executive. The 400 are meant to be represen-

Bangkok jam: running less slowly

tative of Hong Kong and provide the colony's people with their first ever participation in selecting their top

'Hell has gotten just a bit cooler'

State Street

Roads make up about 8

per cent of Bangkok's

compared to 20-25 per

cent in European cities

For instance, areas of

similar size in central

ving main roads to

total land area,

political leader. Britain has always for Beijing to make. He has had no direct experience of government appointed governors without consulting local people. Few in Hong Kong, however.

expect this group to do more than validate Beijing's chosen candidate. It is throught unlikely that the electoral college will be posed with a

choice of candidates. Both Mr Tung and Mr Leung deny any ambition for the post of chief executive - which nn paper vests the incumbent with considerable power - but few doubt that if either were to be asked by Beijing to take the

post he would accept. Mr Leung would be a bold choice

London

 $(1 \ \overline{)}$ 

although he was a key local figure in the drafting of Hong Kong's post-1997 constitution - and he is very young by the standards of Chinese politics. Mr Leung is also a locally born

ومستقدة بمسرك الستار مشروبيان والأترا

Cantonese. It would go against cus-tom in Chinese politics for a senior provincial post, such as chief executive of Hong Kong, to be awarded to someone from the same locality. Mr Tung who has lived in Hong Kong since the Communist takeover of China in 1949, comes from Ningbo, a port city south of Shanghai.



and the Export-Import Bank of Japan, which has signed a pact to lend \$300m for infrastruc-ture projects to the Industrial Development Bank of India. The loans are expected to go before the ADB board for approval before June. The recipients, ICICI (to get

\$300m), IFC1 (\$300m) and SCICI ports and roads.

(\$100m), which are state-run development finance institutions, would be expected to

said, are utimately тог

Bangkok's traffic problems have eased but still beat its overlord, Ted Bardacke writes

its own local debt."

if it generates marketable debenture securities," he said. In tandem with the lending, ADB would offer technical aid to the three institutions to help them develop and make a market in these debentures.

direct aid to bridge the funding gap for infrastructure, and help develop a sustainable form of funding; in the long term, India has to depend on India's debt market is highly illiquid and at present offers

"the secondary market is virtu-

of primary dealers in govern-ment debt, which is hoped to

stimulate the debt market. The

ADB has taken an equity stake

in SBI-Gilts, one prospective

The ADB, which hopes to

primary dealer.

By April the system will be fully operational, at which point 1,800 road sensors backed by video cameras will measure traffic flow and alter the timing of lights in the system. The idea is to reduce the instances of gridlock, prevent a single problem such as an accident from causing delays in the rest of the city, and to get

> Mr Thaksin has shown that better management can have an effect

police out of their booths and into enforcing traffic regulations

to introduce "green waves" for motorcades (one for taking a tor affecting traffic flow.

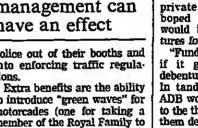
room to turn his attention to pushing through his next set of priorities; an expansion of the expressway system and implementing the city's three mass transit systems, two of which are already being built financed. Tenders for a third are due to be issued on Monday.

lend money on for projects involving power, telecoms. Mr Alfredo Pascual, ADB chief investment officer in New Delhi, said on-lending would meet only 40-50 per cent of any private project cost. It was boped bnrrowing companies would issue corporate debentures for the rest. "Funding will only be given

"The lending has two aims:

little opportunity for longerterm financing essential to infrastructure investments. A recent World Bank study showed over 1,500 private and public bonds and debentures with a face value of over Rs200bn (\$5.6bn) were listed on Indian bourses last year, but

# non-existen



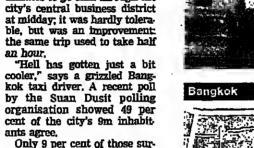
member of the Royal Family to the airport has already been programmed into the system) and changing the timing of the lights depending on whether school is in session, a big fac-

The new system should give Mr Thaksin some breathing although neither are as yet

These projects, Mr Gould

WORLD TRADE Rifkin for S! trade

> Mr Malcolm Entry? his European Less go ahead for an enthey meet on Month The idea of such summer but Both dragging its in t agreement to ach UK officiale state Monday would be : formal instruction working out time Both Frame and European Commun preferences on a second Africa.



Only 9 per cent of those sur-veyed thought traffic had got worse; this is remarkable, given that 120,000 new cars, or about 240km of additional road demand, began circulating in Bangkok ahead of Mr Thaksin's six-month deadline.

C ix months ago, Mr Thak-

Sin Shinawatra, Thai-land's deputy prime min-ister, made a ridiculous pledge.

On being appointed traffic

overlord for Bangkok, he prom-

ised to solve the city's legend-

As at yesterday, it took 20

minutes to go 3km through the

an hour,

ants agree,

ary traffic problem by today.

For a politician who has so obviously lost out on being able to keep a promise, Mr Thaksin gets remarkably high approval ratings: some 65 per cent of respondents said they were pleased with his performance.

Bangkok traffic is still hell and still quite hot. Thousands of the city's residents must be on the road before dawn to reach work or school on time. Mass transit barely exists; where it does it is inefficient

and overcrowded. Habitual gridlock means that often the only way to get

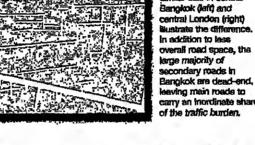
tancy Sindhu Pike Bodell.

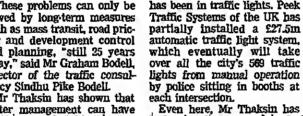
an effect. Much of his time has been spent co-ordinating the

has been in traffic lights. Peek and continual electricity to These problems can only be Traffic Systems of the UK bas solved by long-term measures partially installed a £27.5m automatic traffic light system, such as mass transit, road pricing and development control and planning, "still 25 years away," said Mr Graham Bodell, which eventually will take over all the city's 569 traffic lights from manual operation director of the traffic consul-

Mr Thaksin has shown that better management can have







New Zealand's gross domestic product rose by an unexpectedly high 0.8 per cent in the September quarter of 1995, but analysts said yesterday the outcome was largely an aberration. Most economists were forecasting a rise in real, seasonally adjusted production-based GDP of about 0.4-0.5 per cent over the quarter.

Mr Stephen Hickson, GDP specialist at Statistics New Zealand, said the September quarter did appear high but the rise was exaggerated by a downward revision in the June quarter to 0.1 per cent from a previously published 0.3 per cent. "Annual growth is still very mucb in line with what has been expected," he said.

The seasonally adjusted change from the same year-ago quarter was 3.2 per cent against 3.8 per cent in the June quarter and 5.7 per cent in the September quarter of Reuter, Wellington 1994.

around the city is to risk one's life and damage one's lungs by riding on the back of a motorcycle taxi.

work of the four ministries and 10 agencies with responsibilities for transport. One important improvement

Telephone Urganisation of Thailand and the Metropolitan Electricity Authority to provide enough high-quality telephone lines for data transfer

had to put pressure on the

cent in most other cities) it is vitally important to use it efficiently." Mr Anthony Gould, Peek's managing director for Asla, said.

power the system

limited road space.

Already the Peek system has

reduced waiting time at many

lights from a frustrating 10

minutes or more to just two or

three, thus better spreading

traffic out along Bangkok's

road space (compared to 25 per

"If you've only got 8 per cent

important than automatic traffic lights. "If roads are totally overcrowded, no system in the world is going to fix that."

tighten derivatives reporting Japan may

The Financial Times plans to publish a Survey on

European

Stockmarkets

on Thursday, February 15.

By Gerard Baker in Tokyo

Japan's finance ministry is considering tongher rules to force securities companies to improve reporting of their derivatives exposure

Derivatives are financial instruments such as futures and options, whose worth is based on the value of an underlying asset. Officials have been meeting

representatives of the counaccounts. Officials believe this try's stockbrokers in the past poses an unacceptably high degree of risk fnr counterfew weeks with a view to strengthening the patchy parties to Japanese financial nature of disclosure on deriva institutions The rapid growth of deriva-tives trading in the past few tives trading. The new requirements are expected to force years, and the high gearing brokers to report market prices of all securities, including assoclated with it, have

increased doubts about the reliability of financial reportderivatives, traded with their customers, in their published financial statements ing in Japan. At present, derivative posi-

Fears have arisen that some tions not yet settled are not companies may have covered up big losses on pending transgenerally reported in brokers' actions not yet settled. Weak disclosure rules discourage institutions from declaring loss-making positions speedily.

Concern about the quality of Japanese financial reporting has also been heightened by a serious of banking disasters in

the past year, including the collapse of several smaller institutions and disclosures of huge losses at Daiwa Bank's

New York branch. raise its lending to India from Some brokers have already \$700m to \$1bn in the next few volunteered to publish details years, has agreed a \$250m loan of outstanding derivatives posito develop India's capital martions as appendices to their ket. The ADB will impose eligimain accounts. But the bility criteria on projects to be ministry aims to require all financed by the loans, mainly companies to mark their in the power sector, where the positions to market in the bank would back financing in profit and loss statement of Indian states reforming their their reports. state electricity boards.

Mr Pascual said the market Anam plaav would be aided by the advent, later this year, of automated Anam Industria -settlement systems to replace semiconductor i.e. costly paper-based transaction and settlement. India has issued guidelines for formation

8,

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part of its plane is an is reviewing subserve Anam is the work recently said u a ... overseas plant to 2. semiconductors .... Both countries by investors Listan. planning to build as said Ireland a to pro-Motorola, the I v ... affiliate of General' a \$1bn semicounter largest semiroide. \$1.6bn to a setucity. Motorola has dried Israel.

CST Entertaines Silicon Graphus, i. infringement of the The suit filed at . District of California making. using and technology and my CST is stocking to damages and the

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Ericsson Teletor worth Seinn to .... Turkish GSM man and radio beer so

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### **NEWS: WORLD TRADE**

# US accuses Canada of 'unfair' cultural barriers

Books and magazines are at the heart of a trade dispute between the North American neighbours, writes Bernard Simon

anadians have much in common with their American nelghbours; they speak the same language, enjoy the same sports, watch many of the same films and television programmes and read the same best-sellers,

But Canadians have a strong ense of what makes them different, as demonstrated by a spate of trade disputes that have flared across the 49th parallel. The disputes, over magazine publishing, cable TV and bookselling stem from a difference of philosophy, according to a Canadian government official. "The Americans regard these things as entertainment and service industries. We view them as integral elements of our culture."

The disputes centre upon barriers erected by Ottawa over the years to shield "cul-tural industries" from the publishing, broadcasting and movie giants across the border. The Americans retort that

the latest raft of disputes has little to do with nurturing indigenous culture. Mr James Blanchard, the US ambassador in Ottawa, saye Canada's efforts to protect its culture have degenerated into a "commercial grab".

At the top of the Americans' list is an 80 per cent tax imposed by Ottawa last month on advertising revenues col-

they meet on Monday.

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WORLD TRADE NEWS DIGEST

for S Africa

trade accord

Mr Malcolm Rifkind, the UK foreign secretary, has written to his European Union counterparts urging them to give a clear

go-ahead for an EU-South African free trade agreement when

The idea of such an accord was agreed in principle last summer but British officials feel that France has been

formal instruction to the European Commission to start

Both France and Spain have resisted proposals by the

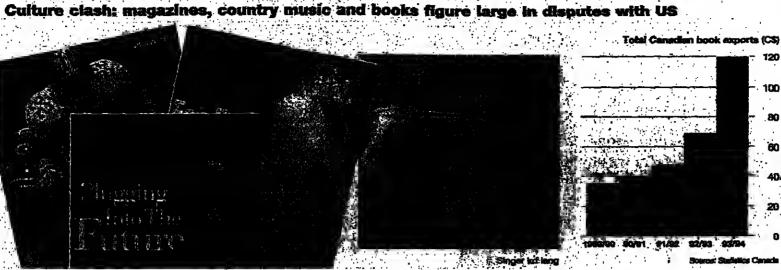
European Commission to broaden the scope of tariff

preferences on agricultural imports from South

working out the details of an accord.

dragging its feet over the issue by linking the South African agreement to wider external trade issues.

UK officials said they hoped that a firm political decision on Monday would be followed not less than a month later by a

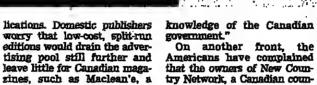


lected by Canadian editions of foreign magazines.

The tax was introduced in response to lobbying by Cana-dian publishers against Sports Illustrated, which is publishe by Time-Warner, the US media group. Sports Illustrated had sought to circumvent discrimination against foreign maga zines by introducing a "split-run" edition, printed in Canada but with limited Canadian con-

tent. Four in every five magazines sold in Canada are foreign pub-Canadian law and with the full

Bruce Clark, London



local version of Time and New-Шy music cable TV channel, sweek. However, Mr Mickey Kantor, US trade representative, expressed "profound disap-pointment" that Canada had chosen to evict a US business enterprise that was established in Canada consistent with

are dragging their feet on a deal under which Westinghouse, the US conglomerate, would gain a 33 per cent stake in NCN.

The deal was hammered out in mid-1995 after the Canadian Radio-television and Telecom-Commission munications

broadcast licence held for a decade by Westinghouse'e Country Music Television. Another cultural dispute is brewing over plans by Borders, a hig US bookstore chain, to expand into Canada. Ottawa

allowed NCN to take over a

secured an exemption for cultural industries, including the book trade, from the North American free trade agreement (Nafta). Foreign acquisitions in these

content sectors remain subject to government scrutiny, Local book-

impose a domestic ownership threshold of at least 65 per cent on Borders' Canadian opera-Mr Richard King, a past pres-ident of the Canadian Booksell-

sellers are pressing Ottawa to

ers Association, predicted that Borders' entry into Canada would destroy the Canadian book distribution system. Fur-thermore, he said, "if you control distribution, you control

120

100

60

40

20

fears, comparing Borders to

Wal-Mart, the powerful US retailer that spared no effort to give itself a Canadian image and to publicise the business it gave local suppliers since opening 122 stores in Canada two

years ago. Some US entertainment companies have responded to Canadian cultural sensitivities. WUTV, a Buffalo, New York, affiliate of Mr Rupert Murdoch's Fox television network, helped Canadian authorities test a device, known as the "V-chip", thet would enable TV watchers to black out violent and other offensive proes. A high proportion of the station's viewers live across the border in southern

Ontario. The string of disputes come at a time when a bumper crop of Canadian writers, singers, film-makers and other artists are enjoying acclaim beyond their own borders. They range from Carol Shields, the Pulitzer Prize-winning novelist, to two popular country music singers, kd lang and Michele Wright. These artists' success far from home might suggest that taxes, subsidies and local ownership rules are not necessary to spawn real talent. To many Canadians however, their talent might never have been discovered or nurtured

A US official scoffed at such without the government'e protective wing



A group of 13 US. Japane and European electronics companies has agreed a standard for the world's smallest memory card which can store as much data as 45 floppy discs on a card the size of a postage stamp

The 13 companies, which include Compag Computer, Hewlett-Packard, Microsoft, Intel and Advanced Micro Devices from the US, Fujitsa, Sharp and Konica from Japan and Philips and Nokia Mobile Phones from Europe, plan to open their specification to the public next month and promote It as the industry tandard.

The new, smaller memory card, called the Ministure Card, is a solid state card used to store and exchange data such as images, text and voice. It will mainly comprise flash memory chips and can hold up to 64-megabytes of memory. The card contains significantly more data than floppy discs and is also at least 100 times faster than floppies, according to Fuiltsu.

Other electronics companies have been working on the development of different versions of a amall memory card.

However, the participation of the world's largest producers of flash memory chins, increases the chances of the Miniature Card specification becoming the industry standard, according to the group.

With e width of 38mm, length of 33mm and height of 3.5mm, the Miniature Card is a quarter the size of integrated circuit (IC) memory cards in use in laptop computers, for example

The small size of the Miniature Card will enable it to be used in small portable devices such as mobile phones, personal digital organiser and digital cameras.

In addition, the Miniature Card will be compatible with existing personal computer cards with the use of an adapter.

As a result, the exchange of deta between portable equipment, such as digital organisers or digital cameras, and PCs will be significantly enhanced, the group points out



Brussels acts after Hanoi's National Assembly fails to pass its side of tariffs deal

By Jeremy Grant in Hanoi

The European Union has suspended a textile quota agreement which would have allowed Vietnam substantially increased exports because Hanoi failed to grant the EU reciprocal access to its market by a mutually agreed deadline, EU officials said yesterday. The issue has soured rela-

tions only six months after the EU signed its first bilateral co-operation agreement with Vietnam, which established tiles account for 70 per cent of Vietnam's exports to the EU. diplomatic ties and initiated Vietnam has said it hopes for wide-ranging EU economic \$1bn in textile export revenue by the year 2000, mostly from the EU. assistance to Vietnam. Under a deal agreed in prin-

deadline, the Vietnamese failed export value to Ecu400m to push the terms of their side (\$508m) this year from Ecn300m in 1995. In exchange, of the bargain through the country's National Assembly the Vietnamese had to agree to by the same date, technically reduce textile import tariffs, as rendering the agreement null high as 100 per cent in some and void. The new quotas were categories, on a sliding scale to have applied retroactively over 10 years starting from from January 1, 1995. January 1 this year. The deal was significant because tex-Vietnamese officials say they were unable to meet the dead-

line because the ministry of trade and ministry of industry needed more time to prepare documentation. "In December, they could not fully prepare it. I think it is a question of the

Euro consortium |Iveco to invest \$150m in

said Mr Nguyen Dinh Hoan, deputy director, department of foreign economic relations. But diplomats point out the

same National Assembly session managed to approve a raft of complex tariff reductions in line with Asean Free Trade Area (AFTA) requirements. Vietnam joined Asean in July. EU officials are not convinced that the time factor was responsible. "I doubt it was e question of time. What was required was not a major, major effort, quite frankly," said Mr Riccardo Ravenna, EU of the new quota agreement.

head of delegation to Vietnam. "We fulfilled our commitments. Now, they have to make up their minds." He said the EU was prepared to discuss the issue, but no date had been set for talks. Vletnam's failure to act

before the deadline means that all export quota applications will be dealt with under an existing quota agreement dating from 1992. Scores of Vietnamese garment manufacturers are understood to have made applications for quotas which one EU official said had resulted in "massive overbooking", anticipating finalisation

#### ciple in July last year, the EU However, although the Eurodifficulty of co-ordination, but our policy is clearly that we must reduce import tariffs," was to have raised quotas on pean Council passed the agreeexports of Vietnamese textiles, ment before the December 8 effectively increasing the

### Anam plans overseas chip plan

Anam Industrial of South Korea is considering building e semiconductor assembly plant in either Israel or freland as part of its plans to double overseas production. The company ie reviewing sites for a \$200m-\$250m investment.

Anam is the world's largest semiconductor assembler and recently said it was considering setting up an additional overseas plant to double overseas production to 200m semiconductors a month.

Both countries have recently attracted interest from foreign investors. Last week, Daewoo of Sonth Korea said it was planning to build a \$1.2bn semiconductor plant in Europe and said Ireland was a potential site.

Motorola, the US electronics company, and Delco, an affiliate of General Motors, have indicated interest in building . a \$1bn semiconductor plant in Israel and Intel, the world's largest semiconductor manufacturer, late last year committed \$1.6bn to a semiconductor plant in Israel's Negev desert. Motorola has already set up a research laboratory in Foreign Staff Israel

CST Entertainment of the US has filed a lawsuit against Silicon Graphics, Eastman Kodak and LucasFilm alleging infringement of a CST patent for video special effects. The suit, filed in the US District Court for the Northern District of California, claims each of the defendants has been

making, using and/or selling devices that use the CST

technology and inducing others to infringe its technology. CST is seeking an injunction to halt further infringement, damages and the payment of legal fees. Reuter, Los Angeles

■ Ericsson Telefon of Sweden has won an expansion order worth \$60m to extend the network of Turkcell, the leading Turkish GSM mobile phone operator. Delivery of new switches and radio base equipment will be made during spring John Barham, Ankara 1996

Fichtel & Sachs, the car components maker owned by Mannesmann of Germany, has formed a joint venture with South Korea's Daewoo Precision Industries to make torque converters for automatic transmissions. Fichtel & Sachs will manufacture around 400.000 torque converters a year for Reuter, Bonn Daewoo.

The Petroleum Authority of Thailand has awarded a contract to build and manage a gas pipeline project to a Malaysian group led by Petronas and Nova Gas of Canada. OGP Technical Services and Nova Gas were awarded the contract to build the onshore Yadana natural gas Reuter, Kuala Lumpur pipeline.

ada.

# favoured to win **Chinese contract**

in recent memory for the proj-

#### By Tony Walker in Beijing

ect, reflecting the high stakes involved. China's demand for China is poised to approve a project to build a 100-seater smaller aircraft to service its feeder routes is expected to passenger aircraft. with a explode with the planned European consortium favoured extension of the country's to win the contract, according to Mr Anthony Nelson, the UK domestic airline network. In the battle for the sale of trade minister.

Mr Nelson said yesterday after discussions with Mr large aircraft carrying up to 400 passengers each, Boeing is well ahead of the Airbus con-Zhang Yanzhong, vice minister sortium. Boeing has made its first such sale in China and of of Aviation Industries Corporation of China: "Although there is stiff competition from Boethe country's approximately 400 commercial arriners, about ing and McDonnell Douglas I am most encouraged about our 200 are Boeings. prospects."

European manufacturera have much higher hopes in the Avic is the Chinese parimer in the 100-seater project and race with the US to be China'a will have a 35-40 per cent stake, Korean Aircraft Develpartner in the new 100-seater regional jet project. They believe the Chinese will turn to smaller aircraft to begin providing transport between smaller cities and towns.

Mr Ian Watson, BAs's chief representative in Beijing, recently said; "The focus has been on wide-bodied aircraft for domestic and international routes, but a decision on purchases of smaller, feeder aircraft may be just around the corner.

Mr Nelson, who left China for Britain yesterday, is the lat-est in a trickle of senior British project but has not formally joined the European consorofficials visiting Beijing. He said after meeting Madam Wu Yi. China'a trade minister, that Western aircraft manufactur-

ers have staged one of the most keenly contested bidding duels Sino-UK commercial relations were set to enter a "new era".

# Chinese truck factory

By Tony Walker

Iveco, the Fiat subsidiary, will today sign an agreement with the Nanjing automobile works under which it will invest \$150m in a new plant to build light trucks in China. Mr Giancarlo Boschetti, president and chief executive offi-

cer of iveco, said the investment would represent the company's biggest commit-ment to China and was part of plans to globalise Iveco'e activitles. The venture, Naveco. plans to produce 60,000 3.5 tonne to 5 tonne trucks a year after three

years. The partners will each

hold 50 per cent in the project. Iveco's agreement with Nanjmotive manufacturing policy. Beljing has said it wants three or four large manufactur ing auto may also open the way for Fiat itself to become ing ventures to dominate involved in China's vehicle vehicle prodoction, bringing industry. The Italian company economies of scale and raising efficiency. does not have a manufacturing

presence in China for its cars. Mercedes-Benz and Volvo but along with other major both have a presence in China's truck manufacturing secinternational motor companies it is striving for entry. tor and Scania of Sweden last China has frozen until 1997 new licences for joint ventures week said it was considering a truck manufacturing joint ven-

in the assembly and manufac-ture of cars. The aim of the ture in China. Mercedes-Benz is investing freeze is to allow the compoover \$1bn in a joint venture in nents sector to grow, and thus be in a position to support China to build a version of the Viano. a 1,000kg-capacity fairly etrict localisation vehicle, called a Combi in provisions of the new anto-Europe.

For example, e photograph taken on a digital camera can be stored on the Miniature Card and then called up on the PC screen. Likewise, a musical recording made on a digital andlo recorder can be transferred for use on a computer.

The companies promoting the Miniature Card plan to start introducing products by the spring or early summer. The first cards will initially contain 4-megabytes of memory, going up to 64-megabytes as market demand grows.

#### **Korean Securities Investment Trusts**

Kores Investment Trust Co., Ltd (KITC) would like to notify holders of Korean securities investment truets that effective from 1 Jenuary 1996 there will be some amendments to the rates of Korean withholding tax that are epplicable to payments from Korean securities investment trusts in respect of income and capital gains to nonresident individuals and foreign corporations having no permanent establishment in Koree. In the absence of any exemption under en applicable treaty or other arrengement, tax will be withheld by KITC at the rate of 27.5% in the case of dividend income such as distributione of income. If capital gains tax treatment is relevant, the appropriate rate will be whichever of 27.5% of the capital gain or 11% of the gross realization proceade produces the lower emount of Korean tax (hersingfter Normal Rate). The following table gives the tax rates that will epply generally to residents of countries with which Korea has taxation treaties end who have no permenent establishment in Korea.

Country	Interest	Dividend	Capital Gains	Conntry	Interest	Dividend	Cepital Geins
Australia	15	15	NR	Malaysia	15	15	0
Austria	10	15	0	Mexico	15	15	0
Bangladesh	10	15	0	Mongolia	_5	5	0
Belgium	15	15	0	Netherlands	15	15	0
Brazil	15	15	NR	New Zealand	10	15	0
Canada	16.5	16.5	0	Norway	15	15	0
Czech Rep.	10	10	0	Pakistan	12.5	12.5	0
China	10	10	0 -	Ruasla	0	10	0
Denmark	15	15	0	Philippinee	16.5	16.5	0
Egypt	15	15	. 0	Poland	10	10	0
Fiji	10	15	0	Roumania	10	10	0
Finland	10	15	0	Singapore	10	15	NR
France	10	15	0	Sri Lanka	10	15	0
Germany	15	15	NR	Sweden	15	15	0
Hungary	0	10	0	Switzerland	10	15	0
India	15	20	0	Spein	10	15	0
Indonesia	10	15	0	Thailand	10	NR	NR
Ireland	0	15	0	Tunisia	12	15	0
Italy	10	15	0/NR	Turkey	15	20	0/NR
Japan	12	12	NR	UK	15	15	0
Luxembourg	10	15	NR	UBA	13.2/NR	16.5/NR	0/NR
0.000				Vietnam	10	10	0

Secorities investment trusts managed by KITC ere Koraa International Trust, Seoul International Trust, Korea Small Companies Trust, Korea Equity Trust. Korea Pacific Trust. Korea Future Trust. Greater Koree Trust, Korea Oriental Trust. Korea Anglo American Investment Trust. Korea Rising Trust. Korea Core Trust. Korea Western American Investment Trust. Korea New Era Trust. Korea Magnum Trust. Koree Zenith Trust. Korea Advanced Trust. Korea Quality Trust. Korea Strategic Trust. Korea Leverege Trust. Korea Balanced Return Trust. Korea Ultra Trust. Korea Growth Yield Trnst, and Korea Dynamic Trust.

# Court challenge to telecom award

The deregulation of telecommunications in Sri Lanka has suffered a serious setback, after an unsuccessful bidder won a court order blocking two international consortia setting up private networks. The Maharaja Organisation. local partner of Jepan's Nippon Telegraph and Telecommunica tions (NTT), obtained an injunction from the Colombo district court suspending the issue of licences to its rivals. The accretary to the

Telecommunications Ministry, Mr K C Logeswaran, said the Maharaja NTT bid was rejected because they failed to satisty financial conditions stipu-

By Amal Jayasingh in Colombo lated by the government. "The case is a setback to the Canada consortia groups Sing-apore's Transasia Telecom and deregulation process," Mr Logeswaran said. "This is Sri Lanka's Brown and Comgoing to affect the country

The two successful bidders very hadly because we won't be able to meet tha huge were issued with letters of demand for phones. I only hope intent giving them three weeks the case will be concluded to pay a licence fee of SLRs300m (\$5.6m.) fairly soon." The court action was expected to slow down the establish-

The two consortia were to establish up to 100,000 lines each to compete with the state-run Sri Lanka Telecom (SLT), ment of two private telephone networks expected to provide which is scheduled for privati-sation by the middle of the 40,000 lines this year. The government last week selected two consortia led by Véar

Telia of Sweden and Bell Can-Mr Logeswaran said the government stipulated that the The Telia consortia includes local partner of the two private two local companies -Metropol-itan Group and the National phone networks should have had a minimum annual tarn-

over of SLRs100m for the pas Development Bank. The Bell three consecutive years. This stipulation affected NTT's local collaborator, a fully owned subsidiary of the Maharaja Organisation, which had a turnover of only SLRs70m last year and considerably less in the two preceding years, he said.

The Maharaja Organisation petitioned the District Court arguing that their bid had been unfairly rejected by the telecommunications authorities. The telecommunications

ministry has until the end of the month to answer the charges and both parties will have the right of appeal, which could take months or even veens to be resolved.

# Korea Inveatment Trust Co., Ltd. 27-1 Yoldo-dong, Yongdungoo-ku, Secul, South Korea Tel. 822-789-4531 Fax. 822-789-4533/4599

opment Corporation will hold a similar percentage, a western partner will be accorded 20 per cent, with the balance going to an Asian participant, possibly Japanese The European consortium

includes British Aerospace, Aérospatiale of France, and Alenia a unit of Finmeccanica of Italy. Daimler Benz Aerospace (Dasa), a participant in the European Airbus consor-tium, is also interested in participating in the 100-seater

### **NEWS:** THE AMERICAS

### Chrétien seeks to strengthen hand against secessionists

# **Quebec** wins **bigger voice** in cabinet

.. . .

By Bernard Simon in Toronto

Mr Jean Chrétien, Canada's prime minister, has brought two well-known Quebeckers into his cabinet, boping to give tha pro-Canada camp a stronger voice against secessionists in the French-speaking province. The prime minister has faced growing criticism over his national unity strategy since the separatists came close to winning an independence referendum last October. The appointments were part of Mr Chretlen's first cabinet reshuffle since his Liberal government took office in late-



Jean Chrétien: Under criticism

cant changes was Mr Douglas Young's move from transport to buman resources. He has spearbeaded a wave of privatisation and restructuring in the transport sector, and will now be in charge of reforming social security programmes. Mr Lloyd Axworthy, former human resources minister, has gone to foreign affairs.

Mr Arthur Eggleton, a former mayor of Toronto, receives the international trade portfolio, while Mr Paul Martin, the finance minister, was one of

few cabinet minister unaffected by the reshuffle. The changes, announced yes-terday, also included the departure of several senior ministers, notably Mr André Ouellet at foreign affairs and Mr Roy MacLaren at international trade. The latter, who had indicated be would not stand in the next election, will become high commissioner in London. The two newcomers from Qnebec are Mr Pierre Petti-

grew, a Montreal trade consultant, and Mr Stephane Dion, a political scientist at the Université de Montreal. Mr Pettigrew takes over various junior foreign affairs responsibilities; Mr Dion has been named to 1998. One of the most signifi-

take the inter-governmental affairs portfolio. The federalist camp, which lacks powerful, credible voices within Quebec, has been in disarray since the referendum. Mr Chrétien has won little credit for two measures which, in effect, meet Quebec'a demands for recognition as a "distinct

society" changes in the constitution. Meanwhile, the separatists have consolidated their recent advances, Mr Lncien Bouchard, by far the most popular politician in Quebec, is due to take over next week as the

dum in 1997.

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tions

province's premier. He pledged top priority to fiscal and economic problems, but is expected to aim for another referen-

The resbuffle, which left only a few portfolios country. untouched, was more extensive than expected. Besides adding strength to his Quebec contingent, Mr Chrétlen expanded totalling 4.5m acres. representation from the increasingly influential west-

ern province of British Colum-Mr Chrétien is expected to flesh out his Quebec strategy within the next few weeks, using work by a committee of senior cabinet ministers.

# A star witness for Mr Starr

### Patti Waldmeir finds Mrs Clinton heading for a grand jury today

Hillary Clinton: Under subpoena

received no such letter.

ated firmly, without compro-

mising its sovereignty,"

White House says the First Lady bas

However, she has been subpoenaed -with five other lawyers and White House

employees, including the head usher - to

give evidence regarding the mysterious

discovery of her legal billing records

related to Whitewater, and regarding the

7 hitewater: most Americans react to this complex tale with incomprebension or boredom. But Mrs Hillary Clinton is to step before a federal grand jury investigating the affair today, the first time any wife of a US president has had to face such embarrassment. That grabs national attention.

Allegations about distant land deals and commodity trades have tended to baffle voters. But the words "subpoena" and "grand jury" cut through the confusion. To the layman, they sound grim.

Mrs Clinton has sought to dispel that impression since it was announced that she had been subpoenaed by Mr Kenneth Starr, the independent counsel investigating the Whitewater real estate deal. She appeared, brilliantly smiling, when Presi-dent Bill Clinton delivered his State of tha Union address this week - applauded by their daughter Chelsea - and she graciously accepted her husband'a tribute to her. She did not look worried. Only time will tell whether Mrs Clinton

has anything to worry about in law. But, in politics, the negative publicity she has attracted is already damaging Mr Clinton's campaign for re-election in November. For, despite its forbidding title, a grand

jury is not a court, but a 23-member body charged with investigation. Its job is to find ont whether there has been wrongdoing, and if so, by whom. Once that job is done, it might indict suspects and their case would go to court. Or it might not.

So far, Mrs Clinton is only a witness in the investigation. She has not been informed that she is a target - that she is linked to any crime by substantial evidence and likely to be indicted for It. If she were, she probably would have received a related to Whitewater, an letter advising her of her legal rights. The contents of those records.

and a veto over

By Raymond Colitt in Caracas The Venezuelan government this week hailed the opening of its oil industry to private capital as a sign of renewed investor confidence in the

isb Petroleum. Executives of oil companies from around the world gathered in Caracas to bid for exploration rights to 10 areas, Interest by investors was

strong and government officials said they were "pleas-antly surprised" by the posihas estimated reserves of 1bm barrels of light to medium tive response to the tender. Mr crude oil and could produce up Erwin Arrieta, energy ministo 200,000 barrels per day. ter, said the bidding round Mr Anthony Hayward, presihad boosted the image of dent of BP Venezuela, said: "It Venezuela, which had "negotiwas very good strategically for

BP, and we are very pleased to have won It."

The bidding is to finisb on Investors will commit a total of \$11bn to develop the 10 Monday, but the highest bid the most attractive blocks areas over the next decade, of were offered first - has come which approximately \$1bn will from a consortium led by Brithe invested as risk capital during the exploration phase,

over three to five years. It offered the maximum 50 In the sbort term, the oil round could "moderately per cent state participation in pre-tax profits, plus a cash bonus of \$108m, payable at once, for the Guaraphiche oil improve the country's current account balance," said an economic analyst in Caracas. field, in the far north-east of He expected the latest bidthe country. The concession

**NEWS: INTERNATIONAL** 

ding round would bring in \$500m-\$700m this year alone. Bnt it will be three to five years before the new oil fields enter production and investors commit large sums of money, thus stimulating the service

there was any obstruction of justice in the handling of these records - under subpoena for two years but only rediscovered this month - as well as what they show about legal work done by Mrs Clinton for Madison Guaranty, the failed savings and loan institution owned by the partner of herself and her busband in the Whitewater land venture. Investigators want to know why the sub-

The grand jury is investigating whether

. . .

poenaed records suddenly appeared on the third floor of the White House family quarters, in the Book Room, an area of restricted access open only to the Clintons. their houseguests, maids, butlers and staff. They also want to know about legal work done by Mrs Clinton for Madison Guaranty. She has said she did 60 billable hours of work over 15 months, and says that is "negligibla". The fact that the records bear the handwriting of Mr Vin-cent Foster, her close friend and deputy White House legal counsel, who commit-ted suicide in 1993, adds to the intrigue.

She will answer their questions, without her lawyer, in a solitary chair facing the grand jury, and she will do so in secret. It would be a daunting process, even for a person less confident than the First Lady. Mrs Clinton has given evidence on many of these issues before, though previously interviewed by Mr Starr in the privacy of tha White House, and she must step carefully to avoid damaging self-contradiction. She has recently appeared to be less than generous with the truth, when defending her role in the sacking of the White House travel office in 1993, and in explaining ber professional relationship with Madison Guaranty. She cannot afford, politically or legally, to let that impression persist.

# A probably of the states AMERICAN NEWS DIGEST **Colombian** head seeks plebiscite

President Ernesto Samper of Colombia has called for a national plebiscite on whether he should remain in office, but the proposal is meeting opposition from political, judicial and business groups.

The country's 15 main business organisations stated that the president's authority and capacity to govern had been

seriously weakened by allegations that his election campaign was partly funded by drug money. Mr Samper should consider stepping down temporarily, they said, with some of the 15 stepping down temporarity, they stat, with some of the fa groups believing he should resign altogether. The leaders of both Mr Samper's Liberal party and the Conservatives, Colombia's other main political party, are

divided over whether to support the president. Mr Samper is recalling Congress, where his main backing lies, for special

Holding of a plebiscite would have to be approved by the Senate, and any further investigations of the president's conduct would be put in the hands of a commission that Sarita Kendall, Bogota absolved him in December.

### Deal done over Orange County

Two former top-ranking treasury officials of Orange County in California, one of whom claims to be suffering from dementia, have agreed to co-operate with the US Securities and Exchange Commission's continuing probe of the county's 1994 bankruptcy.

The expected deal emerged on Wednesday when the SEC said it did not plan to press charges or seek further penalties against appointed and elected county officials, despite baving accused them of securities fraud and misleading investors.

Mr Robert Citron, the ailing former treasurer already awaiting sentence after pleading guilty to separate fraud charges, his ex-assistant Mr Matthew Raabe, who faces trial on similar charges, and several politicians undertook in return not to breach securities law again.

The focus of the investigation will now turn to a clutch of more than 20 investment houses, financial and legal advisers employed by the county in the running of its investment pool. The pool was liquidated in December 1994, revealing losses of \$1.7bn which drove the county to file for bankruptcy.

Mr Bill McLucas, the Washington-based watchdog's enforcement director, claimed that the SEC's course did not constitute a "slap on the wrist". It was, he said, "the most significant and direct procedure" against a municipal investor in the SEC's 60-year history.

"We are not done. This is the first chapter," he told a news Christopher Parkes, Los Angeles conference.

#### US homes sales decline

Sales of existing US bomes fell 3.2 per cent in December, from the level of the previous month, the National Association of Realtors said yesterday, as buyers shopped for holiday girts instead of housing. Homes were sold at a seasonally adjusted annual rate of

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3.91m units last month, down from 4.04m units in November, the group said. But the December sales rate was up 4 per cent from the 3.76m in the equivalent month of 1994.

The December sales pace was weaker than Wall Street economists' forecasts of 4.02m in December.

The median price of a bome was \$113,800 in December, down from a revised \$114,300 in November but up from \$109,100 in December of 1994, the NAR said.

The South of the US continued to lead in bomes sold, at 1.43m, followed by the Mid-west at 1m, the West with 890,000, and the North-east, with 580,000 units sold. *Reuter, Washington* 

#### beyond mere concessions to pump oil, to include fresh private investment in the downstream industry," says Mr José Antonio Gil, head of the consultancy Veneconsultores. Other observers said growth in the oil sector would not be enongh to jump-start the national economy. "The nonpetrolenm sector, which accounts for the vast majority of the country's work force, is in its third year of virtual

conomia.

Venezuela hails oil bids success

stagnation," said Mr José Juan

industry and creating jobs. "The opening of the oll industry will only bring long-term benefits if it goes

Gomes, an analyst with the economic consultancy Vene-

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# Saddam casts shadow over oil market

### Prices are faltering amid uncertainty over oil-for-aid talks

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addam Hussein has once S again thrown the world's oil markets off balance.

Over the past week, prices have wavered as it became clear that talks could soon take place between Baghdad and the United Nations aimed at implementing Resolution 986, which allows for \$2bn worth of oil sales every six months to pay for humanitarian supplies. No date or venue has been set for talks and many analysts and diplomats wonder wbether the latest overture will prove to be any more substantial than previous unrealised initiatives by Iraq since the end of the Gulf War five years ago. But the fear among big oil exporters is that aven limited

amounts of Iraqi oil reaching world markets could undermine prices. Yesterday Mr Nas-ser Al Rodhan, Kuwait's finance minister, warned that "any increased production (by Iraq) would definitely affect prices

Some analysts fear an agree-ment could coincide with ment also released more food supplies in order to fuel the weaker oil prices predicted for the second half of the year. If "feel good" factor in Baghdad. that was the case, it could prove to be a "disaster," says Mr Leo Drollas of the Londonlomatic activity could also mark a strategic shift on the part of Mr Saddam toward based centre for global energy acceptance of Resolution 986. studies. He is faced with a deteriorating economy and unrest among

Diplomats and analysts remain uncertain, bowever, whether the latest overture is simply a short-term publicity

tactic to relieve domestic pres-sure on Mr Saddam. Those who interpret it as

Baghdad's business commu-

nity, a group that has so far been "sbeltered" from sanc-

This week's surge in opti-

mism that talks on Resolution

986 might soon take place has

sanctions were imposed in

Diplomats say the govern-

But the recent flurry of dip-

August 1990.

their privileges eroded. "It is possible," said one western diplomat yesterday, mere manoeuvring to over-"that Saddam wants to obtain come short term pressures cite two recent developments. Jorconcessions on 986, which he could then use as leverage for dan announced that it was to the lifting of sanctions." halve its exports to Iraq, esti-British and American offimated at about \$400m in 1995. That, says a western diplomat. cials are adamant there can be will have a serious impact on

no question of any amendments to the resolution. Nor, they say, can there be any changes to the Security Council's requirement that a third of the proceeds go to a compensation fund for victims of Iraqi aggression. They will also stick to demands that the bulk of any oil exports flow to Turkey through Kurdish-beld

clearly boosted domestic economic confidence. Earlier this week the value of the Iraqi areas of northern Iraq. They will also require strict UN dinar rose strongly against the US dollar, a development that led to lower food prices in the inspection of export volumes capital's markets. It was the first time the dinar gained so and purchase prices. much value in one week since

B number of peripheral issues which could be negotiated, some of which could substantially increase the amount of Iraqi oil which might reach world markets, even under a limited sales programme.

It is not clear, for example, whether the 60,000-70,000 b/d that is currently sbipped legally to Jordan would form a part of the \$2bn ceiling. Western diplomats say flush-

some members of the ruling clique, including, say western ing the Turkish pipeline of its diplomats, the Republican 27m barrels of crude oil might

Guards, who have seen some of be considered separately from the amounts authorised by Resolution 966. "That could be one concession," said a diplomat yesterday.

The pipeline has been idle since sanctions were imposed, but Iraqi and Turkish experts say it could quickly be rehabilitated.

But any talks on such subjects are likely to be protracted, assuming that they even take place. The UN this week warned that negotiations will be incredibly technical and therefore incredibly difficult." The fact that no date or

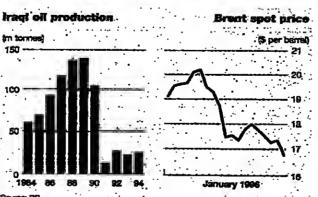
venue has been set has caused some speculation that Iraq might already be backtracking on last week's moves to discuss oil-for-aid terms.

Diplomats concede that some of the momentum for talks is coming from the UN, whose officials are worried that funding for operations in Iraq ts drying up. Undar Resolution 986 the UN's operations in Iraq would be underwritten by the oil sales. One sign of whether Iraq is genuine in its desire for talks will be the composition of its proposed delegation. If it is led by Mr Tariq Aziz, the deputy prime minister. "that will be a sign that he will be empowered to negotiate." said one diplomat vesterday.

Source: BP



Saddam: under pressure at home



**Robert Corzine** 



#### **Sv Gillian Tett**

International Monetary Fund officials in Tajikstan this week will decide whether to grant the troubled central Asian state a \$22m loan or allow the former Soviet republic to slide further into the drugs trade.

If an IMF deal was signed soon, and rapid economic decline halted, then diplomats hope the mineral-rich republic of 5m people could be beading towards stability

However, if no agreement is reached and the economy continues to decline, there are fears - particularly among US own currency. officials - that parts of the republic could be taken over by the expanding drugs trade.

Since the collapse of the Soviet Union, the drugs business has grown rapidly, as heroin producers in Afghanistan talks with the government. bave taken advantage of Tajikistan's instability and The fighting on the Afghan Tajik border has died down. used it as a route towards the These trends have yielded west. The cultivation of drugs some results. A British-Tajik in Tajikistan is also rising, and Tajik officials believe that the joint venture has started a \$60m gold mining project, and first processing laboratories have already been built. In the last year, the Tajik government has made its first serious attempt to reform the

other western mineral companies are looking at the republic's gold and silver resources. But in recent weeks the picture has begun to deteriorate. economy. It has opened negoti-ations with the IMF and intro-Peace talks between the opposition and government late last duced market reforms and Its year broke down and diplo-

mats fear the fighting could There has also been progress resume. Furthermore, an IMF agree-ment has been delayed amid currency is allowed to float, it towards political peace. Opposition groups, which fought the

ex-communist government in the 1992 civil war, before flee-ing to Afghanistan, have beld some of its reforms. some of its reforms. some of its reforms. One sticking point is the gov-

erament budget. The republic bas run budget deficits of between 10 and 30 per cent of gross domestic product in recent years, not least because a quarter of its income is spent on the military and security forces.

Another Issne is foreign exchange control. Although the government initially let its new currency - called the Tajik rouble - float in currency auctions last summer, it halted these when the curren-

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three years ago. Some Talik officials are doubtful.

In public, Tajik officials remain optimistic. "I certainly think an agreement will happen," says Mr Jamshed Karimov, Tajik prime minister. But privately, some accuse the IMF of "decaiving" them

with the delay - and argue that the impovarished state of the population means that it would be political suicide to pursue a full austerity programms.

Meanwhile, political pressures are mounting. Official figures suggest that Tajikistan's GDP is now less than 50 involvement in the business.

per cent of its Soviet lavel. Inflation is running at about 80 per cent a month, while many wages and benefits have not been paid.

Given this, it is not surprising that the drugs trade is growing. Talik interior ministry officials say that a kilo of opium is worth \$100 on tha Afghan-Tajik border, \$650 in Dushanbe, and \$3,000 in Moscow.

There is unlikely to be any easy military solution to stop the trade, not least because the Tajik-Afghan border is 2000km long. Tajik officials accuse the Russian troops - who are supposed to be guarding the bor-der against smoggling - of INTERNATIONAL NEWS DIGEST

# **Rwanda taxes** aid agencies

Rwanda, which expelled more than 40 western aid agencies last month in a serious public relations setback, has slapped new taxes on some imports by the remaining agencies, foreign aid officials said yesterday. They said equipment worth hundreds of thousands of dollars was impounded by customs because of non-payment of taxes ranging from 70 per cent for four-wheel-drive vehicles to 24 per cent for computers. Mr Patrick Mazimhaka, Rehabilitation Minister, who is seen

as the engineer of December's heavy-handed expulsions, defended the new taxes and accused agencies of making political capital. He said that temporary tax exemptions for all foreign aid agencies had been suspended with immediate effect in January, excluding imports of material going towards development projects which remained tax-free.

The government, irritated with delays in western aid after 1994's genocide of up to 1m Tutsis and allied Hutus, has also started charging tens of thousands of dollars for handsets and radios used by aid workers to communicate, diplomats said. in a country where genocide survivors have not finished burying their dead and where average pay for government officials is less than \$70 a month, many people resent the lavish lifestyle of foreign aid workers. Reuter, Kioali

### E African leaders to co-operate

The leaders of Kenya, Uganda and Tanzania met in the Ugandan capital yesterday and agreed to renew efforts to revive their moribund economic grouping, said officials. Presidents Daniel arap Moi of Kenya, Benjamin Mkapa of Tanzania and Uganda's Yoweri Museveni said after talks in Kampala they would establish a secretariat to oversee the effort in two months' time. "All of them agreed that they must proceed with speed towards full economic, social and political co-operation," Mr Museveni's aide Ms Hope Kivengere said after the meeting.

Mistrust between Mr Moi and Mr Museveni have held back progress towards the revival of East African co-operation, under which the three states once shared economic services, research work and a common currency. Reuter, Kampala

### Iranian fury over forgery claim

Iran has said it would take legal action over a US television report that Tehran printed and distributed forged US \$100 bills, local newspapers said yesterday. An Iranian Central Bank statement, quoted by the daily Jomhuri Eslami, denied the ABC News report and said it would "take legal action against the sources of these false reports at international courts". It did not elaborate.

ABC News, quoting unnamed U.S. officials, reported on Tuesday that Iran was using its official government mint to counterfeit \$100 bills. The US State Department had no immediate comment on the ABC News report. Reuter, Tehron

# Bahrain arrests more protesters

Bahrain says it has arrested another group of protesters in a Widespread crackdown on anti-government activities and now holds 544 people. "The security forces have arrested an active group during their extensiva measures to trace people involved in a subversive organisation," said the Interior Ministry statement late on Wednesday. It said the authorities now hold 544 people in connection with alleged sabotage and riots in several Shi'lte Moslam villages. Anti-government unrest erupted in December 1994 with mainly-Shin demands for jobs and the restoration of a parliament dissolved in 1975 by the Sunni-led government, Reuter, Manan

### NEWS: UK

# Wage/price Spiral broken' - industry chief

### By Robert Taylor, Employment Editor

Britain'a employers are growing increasingly confident they can boost the real wages of their workers through improved performance, without risking a return to the damaging wage inflation of the past, it emerged last night.

A number of important business figures rallied behind the views of Mr Adair Turner, the new director-general of the Confederation of British Industry, who claimed yesterday the "old price/wage inflation link" had been broken. In his first speech on the economy as CBI director-general, he said he believed the "boom and bust" years that had made Britain uncompetitive in the 1970s and 1980s were over. Competitiveness had suffered in those years through damaging strikes and through double-digit wage deals and inflation rates.

Mr Turner said the country's workforce was now "more competitive, flexible and innovative" with a "transformation" in attitudes to pay. His up-beat address to the Institute of Perconnel and Development marks a significant shift in CBI thinking. He argued that pay rises above inflation need not be a problem if they came from productivity improvements and higher profitability. He had the full backing of the . CBI's governing council for his remarks although the government may be less enthusiastic. Mr Graham McKenzie, head of the Engineering Employers'

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The opposition Labour party yesterday strengthened its nt to a fundamenta reform of pension provision, raising the possibility that it could create a new pension scheme partly run by the gov-ernment. Mr Chris Smith, shadow social security secre-

tary, said he was considering "a funded second-tier pension scheme". Mr Smith, who has recently returned from a trip to the Far Bast and Australia, said there were "fundamentally important aspects" of Singapore's Central Provident Fund which "deserve consideration".

Lex, Page 12 Federation, endorsed Mr Turner's speech: "Engineering comies are already giving not basic pay rises, but increases reflecting improved perfor-mance", he said. Mr Martin Taylor, chief executive of Barclays Bank, gave a cautious

welcome. "We can't let wages rip and nobody has a job for life", he said. "But stability at work for employees and vari-able pay based on performance are benefits to business." Mr Turner urged companies

to build on fiexibility by delivering job security and the "mystical feel-good factor for individuals". A "significant fall" had taken place in the share of national income accounted for by wages and salaries from 66.55 per cent in 1991 to 62.5 per cent in 1994 with no growth in employees' real earnings.

# **Big shake-up for** cable TV men

Turmoil in the cable television industry continued yesterday with changes of role for execu-tives at three cable operators, Raymond Snoddy writes. Mr Alan Bates, the man responsible as chief executive for the flotation of Bell Cablemedia, accepted demotion and decided to stay on as managing director with responsibility for

national arm of TCI of Denver, the world's largest cable operator. Because TCI is a program-mer rather than a cable operator he will have to resign as CCA chanman.

Bell Cablemedia said yesterday that Mr Dan Somers, who recently became executive chairman of what is the thirdlargest cable company, that he

# Exports may boost Rover output by 10% this year year, which was four times the

BMW offshoot's sales in Asia-Pacific region last year reached level four times higher than in 1993

By John Griffiths in London

exceeded since 1989 and put

the company on course to raise

output by a further 10 per cent

Rover sales in the Asia-

Pacific region excluding Japan leaped to 40,000 vehicles last

in 1996.

the level reached in 1993. A steep rise in exports outside Europe has resulted in BMW's Rover sold 23,000 vehicles last year in Japan, where it has Rover subsidiary in Britain become one of the leading producing more than 500,000 inductors. vehicles last year. It was the first time that figure had been North America was the other main growth market, where

sales of the Land Rover subsidiary rose last year by 62 per cent to 21,000 vehicles. Land Rovers are tha only Rover vehicles now sold in North America. In the UK, where the

stagnant market, Rover's sales last year were stable at 248,000. But the company has nevertheless increased its workforce by 3,900 to 40,000 in recent months.

Mr John Towers, Rover chief executive, was in Singapore opening a new Rover distribution network yesterday while the company was releasing statistics showing a 4.8 per cent rise in total output

industry blames a lack of last year, to 501,300 vehicles. consumer confidence for a World sales of Rover vehicles rose last year by 2 per cent to 483.100. reflecting lack of growth in some important European markets outside Britain, Total exports outside Europe, however, were 38 per cent higher at 93,000 vehicles.

The presence in Singapore of Mr Towers underlined the determination of Rover and BMW to gain a strong foothold in the "tiger" economies of the Asia-Pacific region, which are there will

expected to be the world's fastest-growing for naw vehicles over the next decade. Mr Bernd Pischetsrieder.

significant job increases this year as the workforce is now large enough to sustain output of 550,000 vehicles this yeau Job additions have not been

Paul Taylor, Industrial Staff

BMW's chairman, has made confined to the shop floor. Several hundred engineers clear that it is Rover, not BMW, which will spearhead have been recruited for new the group's sales drive into emerging markets. Rover has added a total of model programmes and in relation to Rover's own engine 4,300 jobs since output began climbing strongly in 1993. However it is unlikely that production in which the company is filling a gap once met by its former Japanese be further partner, Honda.

# Lawyer masterminded multi-million dollar fraud

#### By Peagy Hollinger in Lond

Charles Deacon is a changed man since fraud charges were first brought against him in 1993. Standing in the dock in a London court vesterday, he looked grey and gaunt, smiling weakly at his family as he was led down to the cells. Three years ago, the Staf-

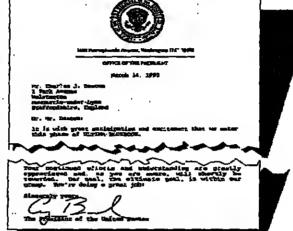
fordshire lawyer was rounder and plumper; confident that he would be found innocent. Since then, it has become clear that he was the masternind of a multi-million dollar fraud - a scam which he falsely claimed had the support of the Central Intelligence Agency and the

former US president, Mr George Bush Police estimate that \$32m was paid to Deacon by individuals and companies around the world as part of the frand although some was eventually repaid. Deacon had his accom-

plices, and yesterday Keith James Fuller was also sentenced to prison. Yet a third man was also crucial: John Savage, who falsely claimed to be a secret agent for the CIA and a deputy director of the agency's European operations. Projects Blnebook and Ultima were the code names for so-called covert 'CIA operations to unlock billions of dollars for the US government,

Project Ultima's aim was to

\$680bn held in dormant accounts at seven Swiss banks. The CIA was said to be seeking to use those dollars in bolsterng Russia's trai



#### This letter allegedly from George Bush is a forger

letters said to be from the CIA and President George Bush. In one addressed to Deacon, Presi-Mr Charles Deacon, a lawyer, and Mr James Fuller, a business consultant, were jailed dent Bush supposedly verifies yesterday for a total of 16 the existence of the Ultima and Bluebook projects. The letter quotes a speech by John F Kennedy: The energy, the faith, the devotion which we years. Victims of their activities included Belling, the former cooker manufacturer, which paid £2.5m from pension fund assets in return for a bring to this endeavour will \$50m loan to the company light our countries and all who serve them . . ." The letter, like another signed by John which never materialised. Belling went into liquidation Savage as a CIA agent, is a soon afterwards. Sentencing forgery. There were also forged Mr Descon to nine years' imprisonment and Mr James letters from National Westmin-Fuller to seven, Judge Fabian Bvans said: "The sums of money involved in this case ster Bank claiming that a company controlled by Deacon and Savage would receive a pay-ment of \$750m to provide loan have been quite staggering and have been matched only facilities. by the enormity of the lies which you both told." Deacon legitimised the operation. He gave his lawyer's

undertaking to keep the advance payments in a chent would relinquish its claims account, pending arrival of the funds. Yet, often within hours, over some of the Marcos billions and the gold, in return payments

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### UK NEWS DIGEST reasonable time\* **US company** fined heavily

GATX Terminals, a US-owned fuel storage company, was fined a total of £150,000 (\$226,500) in a prosecution brought by the Health & Safety Executive after a fire at the company's Avonnouth depot near Bristol in south-west England. A worker died in the fire. It was one of the largest fines imposed under English health-and-safety legislation. The company admitted two charges at a Bristol court and was fined £75,000 on each of them and ordered to pay a total of £20,000 in costs. The company said it had been the first accident in its 23 years at Avonmouth. Changes had been made since the fire.

Roland Adburgham, Bristol

#### Decision today on Maxwell prosecutions

The Serious Fraud Office will announce today whether it is to go ahead with further prosecu tions over the Maxwell affair. Mr Kevin Maxwell, his brother Mr Ian Maxwell and Mr Larry Trachtenberg, a former adviser to Robert Maxwell, were all acquitted last week of conspiring to defrand the Maxwell pension funds. Mr Kevin Maxwell and his brother are sons of Robert Maxwell, the publishing tycoon who died in 1991. They and Mr Trachtenberg still face outstanding charges, mainly of conspiracy to defraud, over the collapse of the Maxwell empire. Mr Kevin Maxwell faces six charges, Mr Trachtenberg three and Mr Ian Maxwell one. Three other former Maxwell directors also face charges of conspiracy to defraud. John Mason, Law Courts Correspondent

#### **Online libel prompts call** for reform of law

Britain should rewrite its libel laws to clarify the position of consumer online services which inadvertently carry defamatory statements, the government has been told. Three of the leading consumer online information services, CompaServe, Europe Online and Microsoft, have urged the government to define the legal s part or Deacon went down yesterday reform of the UK's libel laws. claiming still to believe that Responsibility for defamatory statements carried by online services or the Internet is the transactions were part of a one of a number of "grey" legal areas which CIA operation through its agent, Savage. Yet his claims were denied by the very man have arisen as a result of the recent rapid growth of electronic online services, the Interwho might have been expected net and other "new media". The three compagive him support. From his deathbed in Colonies pointed out that online service providers typically cannot control the content of e-mail rado in 1994, Savage, who was dying of cancer, admitted his and other messages that users send. The online service providers believe that they guilt. "Hours before he died, he should not be held responsible for libellous vehemently denied he had ever been connected with the CIA," statements made on-line unless the service provider has reasonable notice that a libellous saya Detective Inspector Bill statement has been sent onto its system and has "the ability and the authority to prevent Hulse, who led the Staffordshire police investigation, with its publication, but fails to do so within a

#### Siebe to recruit extra engineers as orders rise

Siebe, the international controls and appli-ances manufacturer, announced plans to recruit 350 additional engineers after winning orders worth 250m (\$76m). The company said 100 of the engineers would be recruited in the UR, with the remainder employed in the US and Far East. Of the engineers recruited in Britain, 80 are expected to work on industrial automation systems ordered by Dow Corning, the US silicon manufacturer which is expand-ing its production facilities in south Wales. The recruitment drive has been stepped up following further orders from companies such as Air Liquide, BASF and Total in Europe; the Virginia Fibre Corporation in the US; and the Gas Anthority of India.

Tim Burt, Financial Staff

#### Number of big prizes in Lottery rival to increase

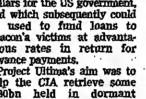
National Savings, the government department that runs the monthly Premium Bonds draw, is to increase the number of prizes of up to £100,000 (\$151,000) in a move that will make the bonds a more effective competitor to the National Lottery. However, in a move that will please critics of the lottery's multimillion pound prizes, the department has stopped short of increasing the number of £1m winners each month. Premium bonds have risen in popularity since the lottery was introduced in November 1994, partly because players can get recover their stake even if they lose. The new prize system could increase pressure on football pools and other forms of gambling. Martin MacConnol Lex. Page 17

Asylum concern: Dr George Carey, archbishop of Canterbury and chief churchman in the Protestant Church of England, and Cardinal Basil Hume, archbishon of Westminster, told Mr Peter Lilley, social security secretary, they were uneasy about plans to cut state benefits to asylum-seekers. It is estimated that measures due to come into effect soon will affect up to 50,000 people a year seeking refuge in Britain

Speeding contenery: Sunday marks the centenary of the first speeding fine in Britain, said ne Auto from south London was convicted for driving at 8 miles an hour (13kph) in a 2 miles an hour (3kph) zone. Today about 600,000 drivers a year are caught speeding in Britain.

and which subsequently could be used to fund loans to Deacon'a victims at advantageous rates in return for advance payments.

help the CIA retrieve some



industry, government and reg ulatory issues. Mr Alan Robinson, one of the

pioneers of cable television in the UK and chairman and chief executive of Eurobell, has decided to sell the stake he holds in the company through his European Broadband

Systems and leave. Mr Wayne Gowan Mr Wayne Gowan, chairman of the Cable Communications Association, the industry trade body, and the executive in charge of telecommunications at Comcast, has resigned. He is becoming vice-president in charge of telecommunications at TCI International, the inter-

id also be taking ovi chief executive. He said he Communism. Yet the CIA, so wanted to get closer to the operations. "It is no secret that all of us

in the cable industry here are not satisfied by our progress to date particularly in cable tele vision," Mr Somers said yesterday. He plans to put more emphasis on marketing to try to increase the number of subscribers.

"I am sure Alan (Bates) is disappointed as any human being would be in his change of role but it is the best way for Bell Cablemedia to become pre-emment."

the story went, could not use Congressional funds for such a covert operation. Deacon and Fuller claimed to be helping CIA agent Savage raise the funds from alternative sources. So they approached individuals and businesses, promising that in return for their help they would get a share of the \$680bn windfall · Binebook involved the

release of \$49.2bn in gold and cash allegedly secreted by the former ruler of the Philippines, Ferdinand Marcos. Victims were told that the Philippines.

ing it. The CIA then intended to use the gold to support the rouble. The aim was to transform the rouble into an international currency. Again, "investors" could expect substantial payments in return for their financial help. Fuller drummed up business in Europe and the Far East

with such stories. When he was arrested on arrival at Heathrow in 1993, police discovered in his briefcase photographs of a \$5bn note, used to convince targets of the stories' validity.

The accomplices also used the Serious Fraud Office.

Manager suspended: A security manager working on the Newbury bypass scheme was suspended after allegations that recruits to his team were encouraged to use violence against protesters who are trying to prevent trees being cleared on the site. The manager is said to have told recruits including a newspaper journalist posing as a Frenchman: "Anything in the trees you whack". Dozens of protesters are opposing the bypass 90km west of Londou on the A34 road from the port of Southampton to the English Midlands.



The human element is often overlooked in the heat of bid battle, says Vanessa Houlder

# People power

Forte, usually end in euphoria for the winning side. But veterans of acquisitions are well aware that an initial triumph can turn into a pyrrhic victory.

There is a "remarkable consen-eus" that fewer than half of all acquisitions can be considered successful according to research hy the Economist Intelligence Unit entitled Making Acquisitions Work\*, published today.

Studies of failed mergers and acquisitions usually focus on finan-cial, strategic and business factors. Relatively little attention is often paid to cultural and buman problems. Yet these issues which emerge during the implementation phase of a merger can scupper an otherwise promising deal.

"Unless the human element is managed carefully, there is a serious risk of losing the financial and business advantages which the acquisition could bring to the parent company," concluded a study of the role that the "human factor" played in 40 acquisitions in the US and UK in the 1980s by the London **Business School and Egon Zehnder** International, consultants.

The latest offering from the EIU concurs. "The major problems in the ongoing implementation phase usually concern buman difficulties thrown up by the merger process." It outlines a number of integration rules employed by accomplished acquirers: "plan first, implement quickly, communicate frankly and act correctly". A company that is insensitive in the way that it treats people will store up prohlems for

future acquisitions. Given that the vast majority of acquisitions are friendly and the target company is freely open to inspection and discussion, thorough pre-acquisition planning is usually possible. But in many cases it is still a cursory affair that overlooks non-financial issues. In the LBS study, for example, all the buyers conducted financial audits of the

arathon takeover bat tles, such as that between Granada and carried out a management or personnel audit. Even that figure was considerably overstated, because many of the audits were limited to pensions, salary levels and general personnel policies, covering just the top levels in the company.

Concern about the low priority given to personnel issues when an acquisition is evaluated is shared by consultants. "In a situation that demands and gets, detailed audits of equipment, property, finances and IT eystems, the one asset that appears to be overlooked is people,' says Bridget Skelton of PA Consult ing Group. The risk of damage to morale, performance and culture is great, she thinks.

People in Business, a communications consultant, argues that a proper asset valuation should include information on recruitment and retention, assessment of the performance of key managers and its culture, values and behaviour.

Issues surrounding post acquisition personnel strategy were examined hy senior personnel directors, corporate financiers and fund managers at a seminar organised by People in Business last year,

All three groups were held, to some extent, responsible for the low priority given to human resources. The fund management industry came under fire for its narrow emphasis on financial measures in determining a bid.

Paul Manduca, chief executive of Threadneedle Asset Management, points out that few fund managers pretend to be experts on management issues "Most fund managers and corpo-

rate financiers have never worked in industry. They may know these businesses well but they actually don't know what the opportunities and problems are," he says.

But Andrew Lambert, managing director of People in Business, takes a contrary view. "A fund manager should be looking ahead to where the business is going in a much more inquiring way. This will, in



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MANAGEMENT

Will Gerry Robinson have the last laugh? Initial triumph can turn into pyrthic victory

the M&A team.

expectation

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turn, raise the ante for management teams, who will be under more pressure to plan and manage thoroughly, and treat people issues in a less cavalier fashion than too often seems to be the case."

Corporate financiers were also criticised for dominating the dealmaking process and limiting access to other professionals. "What they [corporate financiers] need to do in the future is to include a wider array of professions to bring other necessary skills to hear," says Michael Rohinson, director of human resources at Henderson Administration (the fund management group which took over Touche Remnant)

persuasive. Nick Dillon, a director of corporate finance at Rohert Fleming, agrees that there is a need for betprovide the necessary, but not suffiter analysis of some issues that cient, preconditions for a successful acquisition, according to the Loninvolve buman resources. Acquiring companies need to be more realdon Business School study. Once istic about plans to squeeze costs the company has been acquired, it and more careful about assessing is then almost entirely dependent the impact that those savings will upon its people to make it live up to

have on turnover. But he argues that it is up to the human resources directors to show the importance of their role.

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failed to take BAT. A central problem may be an image one. "Given that HR is tradi-But for the mergers and acquisitionally regarded as 'warm and fuzzy', it is even more difficult for the HR function to ensure that it has a seat at the table," says Robinson. It is, he concludes, important for human resources specialists to

demonstrate that they have the word. commercial nous to be involved in Participants in the seminar acknowledged that they could he accused of special pleading. But the to see why. For the modern manidea that an earlier and more carethe thrill of the chase, the advenful examination of the people and cultural issnes would help improve the success of acquisitions seems

the huzz that comes from the latenight meetings in merchant banks, the morning conference calls with advisers to plan strategy. Nothing else puts your picture and your pronouncements on the front page, nothing else offers so easy a way to expand your empire and emphasise your role.

But does this have much to do with business? The intellectual case for this type of merger and acquisition activity was developed by American lawyers and finance

JOHN KAY Poor odds on the takeover lottery

four great merger booms in Britain this century. The first followed the development of mass production techniques which cient size of manufacturing plants and firms. Many of Britain's lead-

ing companies today, such as ICI and Unilever, are products of the wave of mergers which followed. The next was in the 1960s, when concentration at home was seen as a response to prowing competition

overseas. It rarely was, and few of the companies created then - such as British Leyland or ICL - enjoyed the success their promoters had looked for. The aftermath of those years

itself developed to the theme of the 1980s' merger boom. The issue was no longer size and scale, or the development of national champions; it was releasing value. A dif-ferent management team could make more of the same assets, wbether through acquisition or hnyont. Hostile hids, unknown before the 1960s and rare even then, became rontine - Burtons bought Debenbams, Guinness won Distillers. Sir James Goldsmith

tions of the 1990s, the argument is different yet again. The emphasis is on partnerships and alliances, integration and related diversifications, on industry restructuring. Strategic logic is the key huzz

The reasons for mergers may vary, but the response remains the same. And you need only look at the grin on Gerry Robinson's face ager, only acquisition reproduces tures of military strategy. There is

for corporate control". In this market, the right to manage corporations was a commodity for sale to the highest hidder, and as in any other market this process led resources to he deployed in the most efficient of all possible ways. Yet there are at least two reasons why the analogy between the market for corporate control and the market for other goods and services does not really apply. One of the attractione of competitive markets is the pressure they create for gradual improvement and gradual correction. If your product is good, you gain market share, and that stimulates others to follow; if It is not, you lose market share and there is an immediate, and

Successful bidders are often only the people who were willing to pay too much. At the same time, good buys may be ignored because there is no way the potential purchaser can be confident that he really is making a good buy

growing, need to respond.

The market for corporate control is not like that at all. Control, unlike market share, is an all or nothing husiness. So Distillers could wallow in complacency for 30 years until, in 1986, everything changed. There is no chance as there is in the detergent market to huy a bit more of Gerry, a little less of Rocco, and see how it works out; suddenly, and abruptly, Rocco is out and Gerry is in. The evolutionary process of the competitive market is replaced by the cataclysmic unheavals of the takeover proc

And that leads to the second important difference, Markets work hest when there is symmetric information - when buyers and sellers are more or less equally well-informed about what it is they trade. The markets for used cars

There have been economists in the mid-1960s, who and life insurance never seen to created the concept of "the market work as well as they should - they are archetypes of asymmetric information. And so is the market for corporate control, Incumbent management always knowa more about what is for sale than the potential purchaser. Even the worst of managers is better informed about bis business than someone who has never been inside it.

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And that is why, like used car trading, the market in second-hand companies is rarely cfflcient. Successful bidders are often only the people who were willing to pay too much - that is the reason why their hid succeeds. At the same time, good buys may be ignored because there is no way the potential purchaser can be confident that he really is making a good buy.

So companies get taken over that should stay independent, and companies stay independent that should be acquired. The largely random incidence of the takeover process means that It is very far from being the source of corporate accountability and effective discipline on management behaviour that the textbook model of the market for corporate control suggests.

And that is why the success record of acquisition activity, taken as a whole, is such a disappointing one. There are several ways in which the results can be assessed. Stock market studies show that, while takeovers certainly henefit owners of the acquired company, they do little for the acquirer.

Analyses of pre- and post-merger profitability fail to come up with net gains. Corporate histories show that companies divest a high proportion of what they buy. And the simple subjective test of asking firms whether they thought their purchases had or had not been successful comes up with no more than a 50/50 response.

There are particular acquisitions which have ylelded indisputable henefits - such as the transformation of Distillers, or some of the under-managed companies bought by Hanson, An activity can be nnprofitable on average and yet produce many individual successes. The national lottery is built on just such a principle. As Camelot reminds us each week, it could be you, But mostly it isn't.

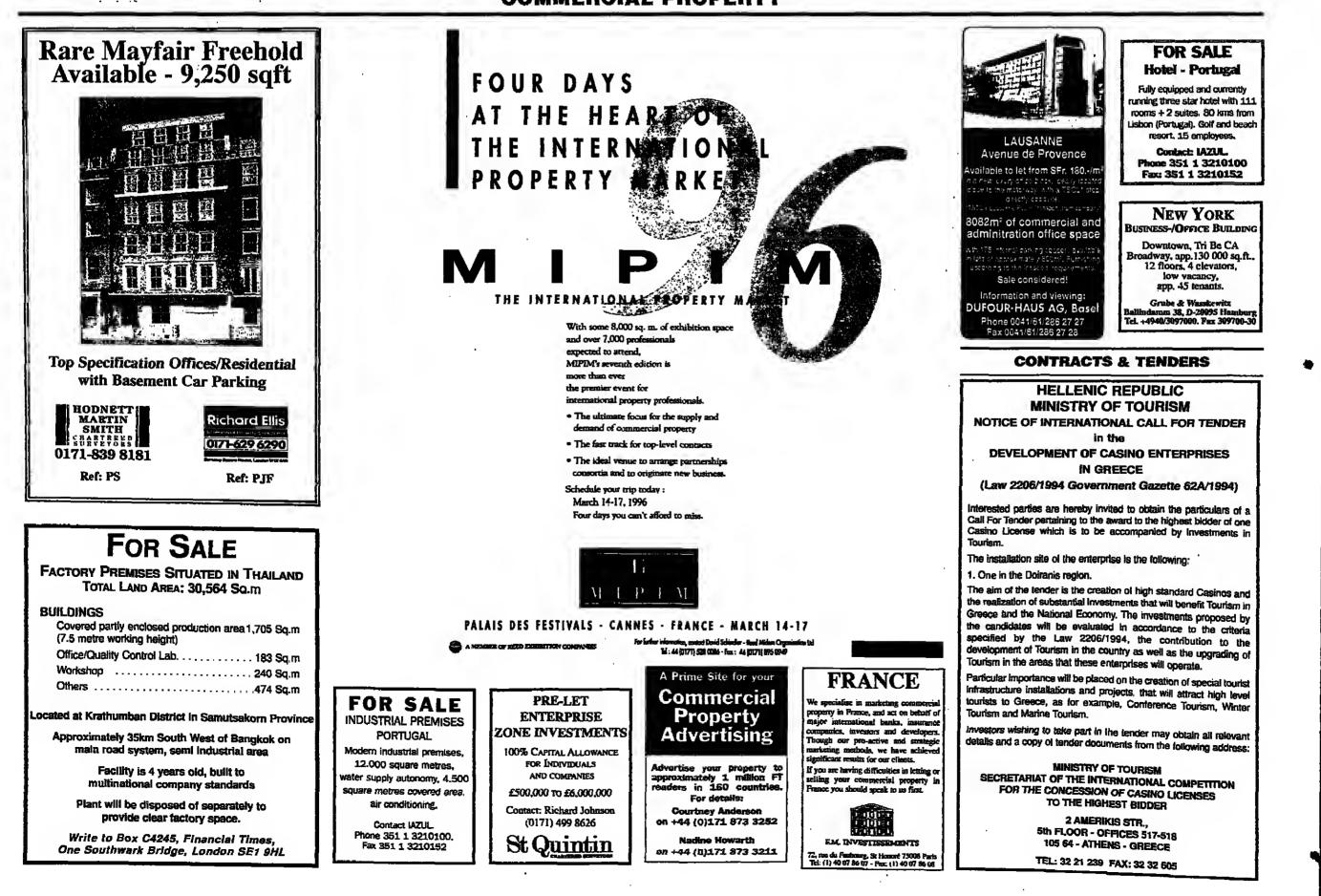
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### ARTS

Small victory in battle over lottery

be arts have been saved from potential crisis once again. A powerful

rear-guard action by Lord Gowrie, chairman of the Arts Council of England, and his secretary general, Mary Allen, has clawed back most of the £5.1m cut in the 1996-97 grant for the arts contained in the jast Budget.

The Treasury, Ignoring government pledges that the additional money coming to the arts from the National Lottery would not be used as an excuse to reduce core funding, pushed through a 2.7 per cent reduction in the ACE budget, to £186.1m.

So appalled was Lord Gowrie that he refused to distribute his grant among the council's 170 clients and called for talks with Virginia Bottomley, the heritage min-ister. Yesterday Lord Gowrie announced that an additional £4.3m was available for the arts, to take account of the greater admin-

Antony Thorncroft on who gets what from the latest Arts Council grants istrative costs the ACE carries in supervising lottery applications. The ACE has also released film from its contingency fund. The result is that most of the council's clients, from the Royal Opera House Covent Garden with its

£15m to the Notting Hill carnival bands with £100,000, will receive stand-still grants for 1996-97. For most arts companies this will be the fourth successive year of frozen funding, which amounts to an 8 per cent decline in their grant in real terms. The ACE has recognised that some companies are in dire peril, and has given additional money. The main beneficiary is the Donmar Warehouse in Covent Gar-

sive creative reputation, was near to closing after the withdrawal of its sponsorship funding. It receives a one-off grant of £150.000 from the conncil Other companies to gain are the

City of Birmingham Symphony Orchestra, which gets £75,000 more at £1.22m, and the Bournemouth Orchestras, up £75,000 to £1.66m. There are also small rises for the LSO, the LPO and the Philharmonia in London, and the Northern Sinfonia, reflecting the difficult financial climate for orchestras. The council has developed

national strategies for music and dance and they benefit more than drama from the limited sum available for extra funding. English Touring Opera receives £75,000 The most significant and encour-aging oews for the arts came on more and there are grants for Monday when the heritage minister chamber orchestras such as City of London Sinfonia, Sinfonia 21, the announced more flexibility in the use of lottery money. In theory it can still go only towards capital rather than reve-London Mozart Players and the Orchestra of St Johns. Among the dance companies, Siobhan Davies receives a rise of more than 45 per cect to £226,000, and there is £100,000 available to promote

dance In London. "This is a rescue operation that cannot be done again," Allen sahi yesterday. Next year the ACE faces another reduction in its hasic grant. But by next year the £300m which the arts receives in lottery

nue projects. But these have been widened to include the cost of artis-tic commissions, grants to talented young arts performers and to

increase access to the arts among the young and pensioners through subsidised ticket prices. It also includes a stabilisation fund which will give one-off grants to enable arts companies to push through strategic changes that will improve their fmancial stination

the ACE will be distributing around 250m of lottery money to applicants in these areas. So theaon new plays, tres keen to commis orchestras seeking to perform to capacity houses, and arts educational projects could be attached to a substantial cash life-line by next

There should also be some signs of the gains to revenue funding which follow from the new capital projects funded by the lottery, from better seating, to computerised box offices, to shops and bars. The impact of the lottery on the

arts, however, is slower than anticipated. Allen said that although the Arts Lottery Board had committed around £250m to successful appli-

cants, only £16m had actually been handed over. There were still problems about matching funding and ensuring that proposed schemes were financially water tight.

"This is not good news but an count of an aversion of disaster, Lord Gowrie said. "We are going into battle already to prevent a fur-ther cut next year." But it is unlikely that Bottomley, or her successor, will be quite so amenable about re-assessing the grant next

By then the hope must be that the money coming into the arts through the lottery will be starting to transform the UK into the cultural dynamo of the world.

As Lord Gowrie pointed out yes terday, the arts, along with its bed-fellows in the media and tourism, is already the third biggest industry in the UK, the hope for the future for many former industrial cities.

When the bat met a bright

celebrating the 19th-century dandy centred on

mauve after a long transatlantic flight, I revisited this week The Frick Collection in Manhattan to restore my spirits and stumbled on to an enchanting little exhibition devoted to the Mauve Decade

supreme dandy Count Robert de Montesquiou by the equally

The butterfly refers to the familiar insignia Whistler used to sign his works, reflecting the artist's aesthetic credo of delighting with the heauty of his art. However, he also added



devoted to an exhibit of clothes and accessories favoured by the dandy, including a copy of the Chinchilla cape - made specially for the show by Revillon of New York - which the languid figure of Montesquion carries over his arm in the Whistler portrait.



1: 49-30-254880 Grigori Sokolov: the planist forms preludes and fugues from 5. Bach's "Das Wohltemperlerte avier", Chopin's "4 Noctumes"

Sammlung Etta und Otto Stangl: exhibition devoted to Horst Antes, one of the leading figures of the

West German art scene at the beginning of the 1960a. The display presents several works as proof of

lease Labyrinth , 8pm, Jan 27 MADRID

### EXHIBITION Fundación Juan March

NEW YORK CONCERT

Avery Fisher Hall Tel: 1-212-875-5030 New York Philharmonic: with

Tel: 33-1 40 28 28 40 Orchestre de Paris: with conductor Serryon Bychkov and violinist Maxim Vengerov perform

Mendelssohn's "Violin Concerto No.2" and Stravinsky's "Le Sacre

· 97

Orchester der Oper Zürich: with conductor Franz Weiser-Möst, soprano inga Nielsen and mezzo-soprano Cometia Katlisch perform works by Beethoven and Messiaen; 7.30pm; Jan 27

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**.LETTERS TO THE EDITOR.** 

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Russia holds key to relations with Baltic states

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# **COMMENT & ANALYSIS**

From Mr J. Lüsis. Sir, John Lloyd writes ("The

reform of Russia: for worse, for

better", January 24) writes:

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admitted it had little expertise:

The sums involved make the

National Lottery look rather

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Anne-Carole Chamier,

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Ardross, By Alness,

Ross and Cromarty,

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then sell off the hotels in

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with wonder.

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Baltic countries whose rhetoric

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"Russia is indeed limited.



10

New suits, old strains

The furore over Harriet Harman's choice of school for her son demonstrates that strife is within, rather than between, parties

For 18 months Tony Blair has been wrenching his party from its tribal roots. He has been teaching New Labour a new language. The individual counts. Rights imply responsibilities. Markets and competition equal prosperity. The middle classes are there to be courted rather than clouted. It is colleagues, nowadays, not comrades

To watch this process has been to marvel at Mr Blair's audacious authority. It is true that behind the scenes, there have been struggles and difficult compromises, many more than have found their way into the public prints. Let noone think that members of the shadow cabinet have only fond words for each other. Watch, say, the body language between Gordon Brown and Robin Cook. Nor have Denis Canavan, Dennis Skinner and Ken Livingstone forgotten the politics of class war.

But for every diehard socialist still crouched on the brushed aside. For all the new Labour benches at Westminsuits, the parliamentary party ster, perhaps two others have probably remains the most unreconstructed part of New Labour. This week it showed. been swapping picket-line anoraks for the smart suits of social democracy. Mr Blair was winning, and decisively so. Until this week, that is. prevailed, and visibly so. As Mr Prescott discovered, he

The storm over Harriet Harman's decision to send her 11year-old son Joseph to a grammar school has now subsided. Mr Blair kept his nerve. He kicked the backsides of less resolute colleagues, Hard. Late on Monday night Mr Blair was told by several senior figures in the party that Ms Harman's position was untenable. He said she was staying. Period. It took about 24 hours for

John Prescott, visibly fuming on Tuesday, to regain his composure. He is no friend of Ms Harman. But volatile though be is, Mr Prescott is 57. This was not an issue on which to risk the election and, with it, his last chance of a ministerial career.

Shaky at first, Ms Harman also recovered her balance. There is nothing wrong, she finally explained, with treat

ing with the real world as it Major, it has been the best exists while wanting to change it for the better. Pretty aince his victory in last sumobvious really. If not, what on mer's Tory leadership contest.

Philip Stephens

as bad as it was unpopular.

leagues that cannot he

Sure Mr Blair ultimately

does not buckle. And of

course, it would have been

absolutely disastrous had Ms

Harman been forced to resign. But as it is, it has still been a

thoroughly bad week for the

**Television has** 

distribution of

power. Instant

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small groups of

MPs the capacity

STERNE ST

to wreak havoc

access to studios

subtly altered the

earth are politicians for? We must assume that Mr Blair will be drawing some Grammar schools are an obsessioo of London's middle obvious lessons. He cannot classes, journalists and politiafford another row like this. cians pre-eminent among Saving Ms Harman exhausted them. They are not a serious much of his credit with the parliamentary party. Resentissue in British politics. For all the talk of choice and ment at the way policymaking diversity, I heard not a single seems to be concentrated in the hands of a small group around the leader spills out sensible voice this week call for a return to examinationbased selection for 11-yearbeyond the hard left. olds. Conservatives know as

For the past three years the well as anyone that the sysmedia has been mesmerised by the infighting in the Tory tem scrapped 30 years ago was party. British politics has The damage inflicted on been defined by intra- rather Lahour by this episode came than inter-party strife. The not so much from the Tory Tories have whetted the charges of hypocrisy. The votmedia's appetite. As the elecers expect that of their politition approaches it will be ever cians. It is the atavistic fury more eager to shine the spotwhich Ms Harman's simple act of parental choice light on Labour's conflicts. The remorseless expansion unleashed among her col-

of television has subtly altered the distribution of power at Westminster. Instant access to the studios gives relatively small groups of MPs the capacity to wreak havoc. Aided and abetted by the mutterers in the shadow cahinet, the Labour left this week simply slipped into the shoes of the Tory Eurosceptics. For Ken Livingstone, Brian Sedgemore and Denis Canavan we would last week have read Bill Cash, Nicholas Budgen and Richard Body. Mr Major, who sometimes

seems the only one left in the Tory party who thinks it can win the election, will draw a broader conclusion. Look, he can say, Labour is vulnerable. Beyond Mr Blair lies a party still wedded to the politics of envy. The charge that a Blairled government would lead the country back to state collectivism will never stick. Those are not his instincts. and the voters are not stupid. But a line of attack has opened up.

Think about it. If a decision to send one small boy to a particular school causes such paroxysms, how will Labour react when the going gets

Labour leader. For John rough in government? What will the party do when chancellor Gordon Brown looks at the Treasury books and finds he must cut welfare spending? Serious Conservatives understand also that attack is their only defence. Forget the guff about competing visions of enterprise and stakeholder economies. If Mr Major has a chance left, it lies in persuad ing the electorate to fear Labour more than it despises his government.

But my own view is that we have seen again in the events of this week the beginnings of more profound shift in British politics. The tribal bonds which once held firmly together the competing factions in both main parties are weakening. Agreement is as often found across the parties as within them. Does anyone think Mr Blair's politics are closer to Mr Livingstone's than to, say, those of Kenneth Clarke?

For seven years now we have witnessed the fracturing of the Tory party. By breaking with Clause 4 socialism, Mr Blair is imposing similar pressure on the Labour coalition. Of course, the strains are barely evident yet. But he must accept that a sizeable minority in his party will never be comfortable with social democracy. As he runs ahead on the road of modernisation, he robs Old Labour of its past. At some point it may fight to reclaim it. It was pure coincidence that

at the moment on Monday that Mr Blair was resisting his colleagues' call for the dismissal of Ms Harman, Paddy Ashdown was making him an offer. Take the Liberal Democrats into partnership, Mr Asbdown declared, and you will have security in government for a decade. Far-fetched you might

think. But everything I see in British politics tells me that the mould may finally be cracking. If I were Mr Blair, I would spare a few minutes this weekend to consider Mr Asbdown's offer.

From Mr Peter Burton. Sir, David Morgan (Letters, January 24) attacks Professor John Kay's view that companies should develop employees even when there is no immediately obvious link to profitability. Mr Morgan's approach is exactly the sort of short-termism which leads to

Europa • Janusz Reiter

many UK companies turning in a mediocre performance because of an inadequately trained and poorly motivated workforce. Research has shown that employees stay longer and perform better if management pays attention to their

development, particularly in competitive environment, are

situations where job security is in doubt, which are all too common at present. There is a great deal of evidence that high levels of customer loyalty and commitment, which are essential if profitability is to remain high in a strongly

achievable only if the workforce itself is motivated and committed. We ignore this evidence at our peril.

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Poland immediate accession to the EU rather than to Nato?

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Р. 3) П.

Peter Barton, AGC Consultants, 26/28 Bedford Row, London WC1R 4HF, IIK.

Employee motivation is essential route to profitability

View of pensions is unfortunate understood. The negative returns in 1995 led to a proposal in Congress for a

principles of international law. In the past four years, Latvia

fortunately quashed. After all, one bad year after 14 years of positive returns should certainly not give cause for alarm, especially when the average real rate over the whole 15-year period was well in excess of 12 per cent per vear.

In the penultimate paragraph of the article, my views on the projections of pensions for a discrete group of pensioners under the system were referred to. There will indeed be more than a 15 per cent fall in the pensions paid to members using 'programmed withdrawals" (an alternative to purchasing a life annuity, whereby the member draws down a determined amount each month from his personal account, the amount of which is recalculated annually using

on the actions of Russia towards its sovereign neighbour.

à.

retain Latvia in its subere of influence, or in any way threaten Laivia's sovereignty. will not in any way foster the development of positive bilateral relations.

J. Lüsis. ambassador Embassy of Latvia, 45 Nottingham Place, London W1M SFE

and Russia have signed a Any alloupt by Russia to series of significant treaties. which have created a stable

foundation for the further development and deepening of relations. Among these trealies, especially noteworthy is the "Treaty on the

withdrawal of Federation of Russia Armed Forces". l bope that relations between our countries will continue to improve. But this is as much, if

not even more so, dependent

actuarial and regulated interest). It should be noted, however, that less than 60.000

of some 200,000 people who have retired under the AFP system have opted for a programmed withdrawal. Furthermore, until this year, this group had seen its pensions rise over the last five years by a real rate of some 14 per cent per year.

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This is the issue at hand. After regular increases in their income each year, due, in the main, to the excellent performance of their funds. they will suffer a drop in pension income. However. even after this fall, the pension will still be more than 50 per cent higher, in real terms, than lt was in 1990.

Jonathan D.H. Callund, general manager. Callund & Cia. Américo Vespucio Sur Nº80, . Las Condes, Santiago, Chile

#### the City From Mr Jonathan D.H. Callund From Dr Anne-Carole Chamier. Sir, Your article on the Sir, I'm not an economist, Chilean AFP (private pension special inquiry. This was funds) system "Chile's private pension funds, feted abroad, nor a financial whizz. I'm an

maligned at home" (January

international media. In the last

paragraph, the juxtaposition of

my quoted comment on AFP

understanding, their periodic

account statements and the

concluding comment by your correspondent, Imogen Mark,

Far from being lucky for the

overnment, it is unlucky for

the government that there is

operation of a pension fund.

Because of this, members find

it difficult to understand why

the rate of return was negative

in 1995, Even in Congress, the

concept of pension funds is not

is most unfortunate.

such a general lack of

understanding as to the

members not reading, nor

nisunderstanding in the

18) has caused some

Chilean and other

There is, bowever, a different perspective. The Baltic states

are not "new" states, but

after 50 years of Soviet

Immediately after

independence in 1991, the

began to develop bilateral

equality, mutual respect.

mutual benefit and other

universally acknowledged

Baltic states, Latvia included,

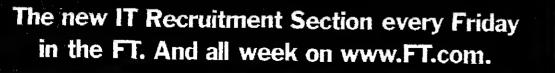
relations with Russia based on

re-establishment of

occupation.

rather countries which have

regained their independence



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Financial Times. World Business Newspaper,

# **Poland's search for allies**

The west should stand up to Moscow and bring central European countries into Nato

At present one can only speculate as whether Mr Yevgeny Primakov, the Russian foreign minister, is the man who will as some people fear - bring to an end the pro-western episode in Russian foreign policy which started in the late 1980s. The differences could hardly be more marked between him and his immediate predecessors. Mr Andrei Kozyrev sought to avoid a real harden ing of Russian policy while adopting a tougher style, and Mr Eduard Shevardnadze, the Soviet foreign minister, dealt with the outside world after Moscow's reforms had opened the window of opportunity.

This becomes obvious when reading the memoirs of Mr Hans-Dietrich Genscher, the former West German foreign minister. Mr Genscher quotes talks with Mr Shevardnadze in which one finds arguments for Germany's integration into Nato that have again become very familiar in the protracted discussions on Poland's efforts to join the alliance.

How was it possible to integrate the former German Democratic Republic (East Germany) into Nato while the central Europeans are so unsuccessful ln their present efforts? The names of Mr Mikhail

Gorbachev and Mr Shevardnadze do not by themselves provide an explanation, even though they are closely linked with a unique phase of openness in Moscow's politics. There are at least two further elements in the equation: Germany displayed a high degree of determination in Ita approach to Nato membership and - perhaps even more important - the western world gave this policy clear support. But when it comes to Poland and Nato, two of the three ingredients of Germany's auccess are missing: a positive political climate in Moscow and a clear stance by the west. These two are linked, because the terms "positive" and "negative" when referring to the political climate in Moscow are and



Opposed: Alexander Kwasniewski, left, and Yevgeny Primakov

relative. Had the west not displayed all its authority six years ago, it might have heard from Moscow that the climate there was not good enough for a united Germany to become a member of Nato.

The hardening of Russian policy is a fact. Mr Primakov, as the head of Russian diplomacy, personifies this change. His initial statements, including those on Poland, do not leave any room for illusions. In an imperious manner, he declared that Moscow would not consider any military intervention in Poland. But he also stated with gratifying openness why he could not accent Poland's accession to Nato. It

would affect Russia's geopolitical interests. This language is tough, but clear. The west has not used such tough language for a long time. The meandering course followed on the question of Nato enlargement suggests that it is not really clear about its own goals. This is precisely where the problem lies. When Nato argued abont a reunited Germany, everybody was aware that Europe's stability was at stake. A Germany at the heart of Europe but not integrated with other European statea would have thrown the continent back into political rival-

ries which were a familiar picture before the first world war. Germany and her allies partners, including anyone really prepared to offer

Poland, agreed on that much. In the discussion on enlargement, this kind of strategic insight is missing. Instead, the same naive question is being repeated time and again: why should Poland join Nsto if there is no military threat from Russia? It can be answered by asking a different question: was eastern Germany integrated into Nato because there was a military threat?

One can believe Mr Primakov when he says that Russia has no intention of dispatching troops to Poland. What are at stake are geopolitical interests. Moscow wants political room to manoeuvre in central Europe. But, even if we appreciate Russian interests, this is the very thing we cannot afford to concede. And not just because of Poland; those who are interested in a good relationship between Europe and Russia should do everything in their power to prevent the historic triangle of tension between Russia, Poland and Germany from resurfacing.

Linking Poland to the same atructures that embrace Germany is the best guarantee of achieving this. This applies to the European Union as well as Nato, but I do not believe those who suggest that a more appropriate aclution would be for Poland merely to join the EU while relinquishing the goal of Nato membership. After all, is

There is another important issue: the attitude of Poland itself. How determined is Poland to achieve its goal? At times this question contains the assumption that the election of the post-Communist Mr Alexander Kwasniewski as president might signal a mood swing. This is not the case. During the election campaign foreign policy played only a minor role and was not a bone of contention. Obviously the majority of the electorate were convinced that, under Mr Kwasniewski, the course of foreign policy towards integration with Nato and the west would he continued. After all, this was what happened in Hungary after Gyula Horn, a former communist, took over the government and kept up efforts to join the EU and Nato. And yet some questions ? remain open for Poland and the whole region: will the rise of the post-Communists create a mental chasm between these central European countries and the West? Will the new

Polisb president be able to gain the genuine trust of the western partners, and will he be able to convince them that the future of European integration - and that means European politics in general - will be determined by the decision on

Poland's co-optioo? And finally, will Mr Kwas-niewski be able to bring Poland unscathed through the present political crisis, triggered by allegations that Mr Jozef Oleksy, the prime minister who resigned on Wednesday, spied for Russia? In the next few years, which coincide with Mr Kwasniewski'a term of office, decisions muat be reached that will influence Europe well beyond the turn of the century. The integration of Poland and the other central European states into Nato and the EU is an essential part of this process, which is as important as the search for a new modus vivendl between the west and Russia. Mr Primakov's harah language is not necessarily a bad omeu. In this "window of opportunity", real intcrests are being negotiated and niceties do not need to be exchaoged.

The author was Polish ambassador in Bonn from 1990 to 1995 and now heads the Centre for International Relations at the Institute of Public Affairs in Warsaw

# FINANCIAL TIMES

Number One Southwark Bridge, London SEI 9HL Tel: +44 171-873 3000 Telex: 922186 Fax: +44 171-407 5700

Friday January 26 1996

# Russia steps backwards

Westerners with an interest in Russian economic success must come to terms with the fact that the country has effectively acquired a new government with new priorities. They should not cling to the hope that the shifts in policy and personnel since the December parliamentary elections only signal changes in style, not substa

President Boris Yeltsin has sought to encourage such wishful thinking, repeatedly reassuring investors and International Monetary Fund officials that the core of his economic policy remains unchanged. But his soothing words were yesterday drowned ont by his appointment of Vladimir Kadannikov, a hardline critic of the reforms, to the post of first deputy prime minister in charge of the economy.

His predecessor, Mr Anatoly Chubais, was the most widely respected and successful proponent of economic stabilisation in the cabinet. His survival owed much to a willingness to reach messy, often risky compromises with his opponents. But he was at least distinguished from many coleagues in his belief that messy reform was better than none.

It was Mr Chubais's recent "flexibility" in agreeing to a range of opaque and highly unpopular privatisations in the energy sector that provided Mr Yeltsin with a popular excuse to sack him. But there is little evidence to suggest that the new cabinet members will be any more committed to transparency and economic pluralism in the microeconomic realm quite the reverse.

#### Bear fruit

Mr Chubais's departure casts even larger doubts over the prospects for the stabilisation programme. The minister's determination to stick with the targets for fiscal and monetary policy agreed with the IMF last spring has brought inflation down to 3.2 per cent per month, the lowest since the beginning of the reform pro-

**Observers have always expected** some loosening of the macrecon-omic reins in the lead-up to the presidential election. The issue was wbether this would be large enough to derail the economic pro-

gramme, just as it is beginning to bear fruit.

On the face of it. Mr Yeltsin's promise that the government will start paying its bills, along with the pension increases announced yesterday, are responses to legitimate popular grievances about the inequitable and ad hoc way in which the government has reined in spending. A certain amount of such extra government expendi-ture could have beneficial social effects, without jeopardising the goal of low inflation, though only if it is bond-financed.

Fixed band

Yet Mr Yeltsin's decision to put the head of the ailing automobile giant, Avtovaz, in charge of eco-nomic policy raises fears of still greater slippage, for the benefit of the overmanned military indus-trial complex. Mr Kadannikov has said he wishes to strengthen domestic industries. He also spent much of last year bemoaning the effects on competitiveness of the sharp real appreciation of the rouble. The worry must be that these words will mean a resumption of large inflationary subsidies to industry and, possibly, an aban-donment of the successful attempt to hold the rouble within a fixed

The Russian economy would still be paying the price of such a reversal long after the presidential election was won or lost. Possibly, the immediate effects on the government's credibility in financial markets and with ootside institu-tions, such as the IMF, would be

enough to make Mr Yeltsin reconsider. But, as of yesterday at least, such people should be wary of putting too much faith in Mr Yeltsin's questionable ecocomic judg-VETV ment in the run-up to the election. Recent events do not mean that the Russian economy is doomed to plunge back towards hyperinfla-tion, or that the mistakes and gross excesses of the past will necessarily be repeated. But no-one should discount the possibility. Nor, most importantly, should they continue to presume that Mr

#### Yeltsin should be supported at all costs, on the assumption that the West's interest in a stable, pluralistic, market economy in Russia is one that he - and ha alona

#### Latin America's retain the loyalty of its hlue-chip





# The FT Interview · Douglas Warner

# **Recasting the House of Morgan**

As J.P. Morgan shifts from wholesale

lender to integrated investment bank, its

chairman talks to Peter Martin and

**Richard Waters** about the future

he New York rain is lashing against the win-dows of 60 Wall Street. Douglas Warner does not let it disturb his concen-tration. The chairman of J.P. Morgan, known as Sandy to his col-

leagues, ponders a question that has obviously come as a surprise. People say he'a tough - is he? He starts his answer hesitantly: "I have a real passion for what this place stands for." He sketches out

what that means, gaining confi-dence from the familiar words: quality, values, "the intensity of effort required to operate on a global scale." By now, his tone of voice offers littla sympathy for anyone who does not share his convictions. "That comes through in a commitment, a desire to win - though win-ning is not a 'win at all costs' idea." As Mr Warner supervises the final, most difficult stages of J.P. Morgan's shift from wholesala lender to integrated investment bank, that is exactly the balance he must strike. Morgan is now on the home turf of such famously aggressive firms as Goldman Sachs, Salo-

mon Brothers and Merrill Lynch. Competing with them will take all Mr Warner's desire to win; but to

clients, the bank cannot simply

has so far been more successful

than even its architects had booed.

Still, Morgan's transformation

win at all costs".

In 1979, Morgan Guaranty started rebuilding the skills it had surren-dered. The law still barred it from investment banking in the US, so Morgan learnt the trade in London, in the Euromarkets. "That was tha point at which we began to develop the skills in ear-

nest," says Mr Warner. "We began to think of solving our clients' financial needs with a whole new set of capabilities."

That project - symbolised by the re-adoption of the J.P. Morgan name - is now yielding fruit as banking restrictions ease. In 1989 it was allowed to underwrite new issues of corporate debt; in 1990, equities.

That was "what really changed the way we think, the way we act," says Mr Warner. His tone, normally casual, acquires sudden intensity. Imagine, he says, discussing merg-

ers with your client, "and when you

invested heavily in investment bankers and research analysis. And to justify those costs, tha bank must get the "privileged dialogue" it seeks. Here is where Mr Warner's practical, nuts and bolts approach comes in. Establishing clients on "first call" status - ensuring they ring J.P. Morgan first - is more than an aspiration: it is now part of every Morgan banker's pay packet. Mr Warner measures: "For how many of our clients did we know

about their intention to do a deal before they did it? In how many of those cases did we get to make a serious proposal before they did it? And how many of those serious proposals did we convert into business? "When one of our bankers says Warner, my client is first call' I can objectively evaluate whether that's

income nearly doubled to \$366m. Mr Warner is pleased, but eager for fur-ther profit gains. As it has hullt the new businesses, Morgan's return onequity, 13.6 per cent in 1995, has been below past levels. "Are wa going to be content from a client point of view or a profitability point of view with the levels we achieved in 1995? No way. So we've got a ways to go." Ha believes that profits will rise

as the bank's new businesses mature. But what if continental Europe's universal banks buy their way in to the US, pushing down returns? Is it possible that we are looking not at a once-and-for-all transformation cost but a long pro-.cess of industry-wida low returns? "I think that is a distinct possibil-

ity," says Mr Warner, "and I think.

from," be says, "but don't be sur-prised again if we make a mistake because we're going to make them." "In that particular instance mistake may be the wrong word. It was a high-risk deal going in and every-body knew it. Was that the outcome that we anticipated when we did the deal? Hell, no. Might it still work out, indeed is it on a pretty decent track right now? Yes. Was it a long-term investment always? Yes. Is the fundamental investment thesis that we had still intact? Yes." Since then, he says, the bank has held postmortems, asking "what

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could we have done differently?". In this, and in other ways, Mr Warner stresses the need for continuous improvement in the way the bank works, emphasising speed, flexibility, and innovation - qualities not traditionally associated with the bank, perhaps, but ones he believes it has acquired in recent years.

Steps he has taken include cutting out management layers so that 150 people are only one level away from the chairman's office, and tilting the bank towards a regional structure, not one based on global product lines. It is clearly these practical issues that most excite him. His predecessors had the Big

# corrupt politics

stereotype of the region. But the emergence of the scandals of recent years is, in fact, rather encouraging. They show that plenty is still wrong. But the fact that more are emerging into the open - the latest has Colomhian President Ernesto Samper fighting claims he knew cocaine money financed his 1994 election campaign - is a sign that democratic institutions are sputtering into

Latin American states bave been dressed up as democracies since independence from Spain. But, for the majority, these democratic trappings used to belie real-ity. That is now slowly changing. Latin America's press, radio and television, its indicial systems and its civil societies are increasingly asserting their independeoce, making politicians accountable for their actions for the first time.

The development is slow and uneven. In some countries, alleging corruption has become a part of the political game. The regular efforts by Congress to impeach ministers in Ecuador makes the country almost impossible to govern. There are countries, such as Peru, where checks on the executive hardly exist. Even in Chile, the army is often above the law and the head of the armed forces does not report to the president. Change is not bappening instantly. Most Latin American countries may now have experienced more than a decade of unbrokeo rule hy elected governments. But modern institutions do not magically emerge at the moment an elected government takes power. And while ceding state control over the economy gives politicians less room for corruption, economic reform itself, in particular privatisation, has provided opportunity for corruption on a grand scale.

#### Similar scandals

International contract of the second s

A particular reason why the corruption scandals are emerging now is that many senior politicians began their careers in a dif-ferent political landscape. This is not a uniquely Latin American phenomenon. Similar more risk of being found out, the scandals bava emerged in problem should steadily diminish.

The image of corrupt Latin American politicians reinforces a stereotype of the region. But the out of office by a corruption scandal, looked the very model of a modernising president, but he emerged out of the Jurassic swamp of politics in the north-east. Similarly, whatever may be the merit of the corruption charges he faces, former President Carlos Andrés Pèrez of Venezuela, was first president in the 1970s when government'a chief job was to share the spoils of oil revenues

#### Autocratic tradition

No charges have been laid at the door of former President Carlos Salinas of Mexico, who fell from grace only after stepping down from office. But his brother is in jail facing charges of murder and illicit enrichment, and his own record in office is badly sullied. Mr Salinas did attempt to modernise the economy, but tried to avoid a parallel political opening. He was thus firmly - more firmly than many foreign supporters realised - in the autocratic traditioo of the Institutional Revolutionary party, which has ruled Mexico for 67 years, in which his family had been long embedded and through

whose ranks he rose. The accusations against Presi dent Samper emphasise the infil tration into Latin American poli tics of money from drug traffickers over the last decade This development undermines trust in democratic institutions. and intimidates and suborns those honourable men and women who would resist it. Unfortunately, lit tle, except perhaps the increasing demand in the US for synthetic substitutes for cocaine, suggests these pressures will decrease. Yet Colombia's institutions are strong enough, as were those in

Brazil and Venezuela, to survive a presidential resignation. And Mr Samper's experience also suggests it would be political suicide for future Colombian presidential candidates to use drugs money in their campaigns.

Corruption may remain a fact of

life in Latin America, as else-

where, for some time. But, since

politicians have fewer opportuni-

ties for self-enrichment and run

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Only a few years after starting to underwrite US corporate bonds, entering the US equity markets, and competing to advise on merg-ers, Morgan is a significant force in all three areas. Now Mr Warner, chairman for just over a year, must wring acceptable levels of profit from the new businesses. Before the securities law reforms that followed the 1929 stock market crash, Morgan was both commercial

and investment banker. The reforms cut the house in two, dividing it into Morgan Guaranty Trust, a commercial bank, and Morgan

Stanley, then as now an indepen-deot investment bank. • ()

Trade man then, to see the new high commissioner occasionally eschewing his limousine in favour trades places of pedal power.

#### It's a tolerably safe bet that no foreign diplomat has seen more of

Britain than Roy MacLaren, who was yesterday named as Canada's next high commissioner in London. Moving to the UK at this stage was probably not MacLaren's first choice. Ottawa'a indefatigable and widely respected international trade minister for tha past two and a half years, he had apparently hoped to continue in that job for some time. But he made the elementary mistake of being honest with his boss.

MacLaren, 62, let it be known that he would not be standing in the next general election. Prime minister Jean Chrétien unexpectedly then turned around and suggested that MacLaren leave sooner rather than later as part of an extensive cabinet shuffle. His replacement in the trade portfolio

is Arthur Eggleton, a former mayor of Toronto who has little international experience. But MacLaren should not be too disappointed. He is at least something of an anglophile, ever since his days at Cambridge in the 1960s. His trim frame - usually encased in a waistcoat - is testament to his fondness for cycling and hiking. In 1966, he and his soo Malcohn completed a 51-day hike from Land's End to

John O'Groats. Don't be surprised,

get to the single most important thing to any chief executive - his equity - you can't do it! Think of the frustration and the inefficiency and the competitive disadvantage. Now, he says, Morgan is two thirds of the way through developing its equity business. In the sec-ond half of last year, it was at least lead or co-manager in 20 per cent of all equity issued in the US. That is a good start; hut the real rewards go to the handful of firms that rou-tinely lead-manage the big issues. Moving up that ranking will be harder. But, says Mr Warner, "we're not trying to be number one in the equities husiness, we're trying to get the first call from our clients when they've got something interesting to do in the equity market." To achieve that, Morgan has

Champ dump

Puerto Rico, the US possession.

which can never make its mind up

whether it wants to become a state

of the Union, stands out for one

thing. It produces more garbage per capita than the United States

or the European Union. Its output of 2kg per person a day compares with 1.9kg in the US,

and 1.1kg in Europe. At current

rates the dump in San Juan, the capital, will overflow within two

years. To save the dump from -

overflowing the government has started educating people on the need to recycle garbage.

But the price of success could be

high. Puerto Rico could lose its title as the world's garbage champ.

Fortefied

true or not by seeing when the client does a piece of husiness. If he says the client is first call and we didn't know about it in advance there's something wrong. So we shoot for first call and we evaluate and compensate for that."

inning that first call is expensive. Since 1992, staff costs have risen 44 per cent - faster, as a proportion of revenues, than other publicly quoted investment banks. In 1995, Mr Warner's first year, that rising trend started to slow, thanks in part to a cut of 1,400 in staff numbers, costing \$55m (£35m) in severance pay.

In the fourth quarter, costs were only 3 per cent higher than a year before, even though revenues for the quarter rose 24 per cent and net

empire Charles created", says Alfred.

The business was set on by his

father, Carlo Forte, and Alfred's

recounts the tale of how another

Carlo Forte used to run a café in

Worthing. According to Lord Forte "he was extremely pleasant and hard-working, if not the greatest

Lord Forte used to help him out .

with his creditors. One day Carlo

introduced Charles to one of his friends, Eric Hartwell, a travelling

Hartwell was thinking of

investing £1,000 in Cerlo'a Worthing café. Charles Forte had

other ideas. "I suggested to Carlo that this would be unwise and

made a counter proposal: I would

bar I was about to start up. ...". From that chance encounter the

give them both a job in a new milk

son Remo now runs it. Lord Forte, in his memoirs,

ema

BSERVER

that the firms that will come out the other side of that with their strategies, client relationships and global capabilities intact will be the ones that focus intensively on areas of comparative advantage."

One of the bank's comparative advantages is reputation - but to some outsiders, that reputation took a knock in Spain in 1993. The bank's Corsair fund (named after the great J.P. Morgan's yacht) took a big stake in Banesto, one of Spain's largest banks. Morgan drew up a restructuring plan and led a \$700m equity-raising issue. Only four months later, Spain's central bank took Banesto over, accusing its managers of overstating assets. What are the lessons of that epi-

sode? Mr Warner's first reaction is a curious one for a bank renowned for prudence and conservatism: Well, I hear where you're coming

transfer to Ohina, an event less

Idea', he says. "My challenge is an execution challenge - not cutting people's heads off but making things happen," he says. . He must do so against the back-

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Statistics of the second

ground of an industry that may drastically change its shape from the pattern set in the 1930s. That period created the pure investment banks - the Goldmans, Salomons, Morgan Stanleys, which still dominate global investment banking.

Will there be any pure investment banks in five years time? Mr Warner answers with a single word: "No". Then "They may be indepen-dent, but they will be in the commercial banking husiness, maybe in the insurance business, maybe in the technology business. I don't see anyhody in the wholesale sector operating on the 1995 model indefinitely - with the possible exception of J.P. Morgan."

Financial Times

#### 50 years ago

than 18 months away. Bretton Woods opposed However, it would be very However, it would be very surprising indeed if Major went on to Beijing. After all, the scars from his last outing in the Chinese capital, in September 1991, have barely healed. Major was the first western leader to visit China after the June A strong section of the Australian Cabinet is attempting to persuade the Government to refuse to sign the Bretton Woods

1969 Tiananmen massacre. At the urging of Sir Percy Cradock, his then China adviser, he want to sign a public works agreement about long Kong's new airport with Premier Li Peng. China backed away from the deal

as soon as the ink was dry. Major was infuriated. In the search for a governor who

could best represent British interests he appointed Chris Patten - from whom he has a long-standing invitation to visit Hong Kong. Now that he just might do.

Down the pan

warning that it may cause

suppliers of adult incontinence products, will presumably de hoping for some corresponding additional movement in these sales

The US authorities have decreed that elestra, Procter & Gamble's new fat substitute, can go on the market provided it carries the "abdominal cramping and loose

stools". P&G, one of the world's leading figures too. 

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agreement, it is authoritatively arned here. Consideration of the agreement was deferred after an attempt by Mr. J.R. Chifley, Prime Minister, and Dr. H.V. Svatt, Minister for External Affairs to obtain its endorse ment was defeated in the Cabinet by ten votes to seven. The main argument against the agreement is that it permits international interference in Australia's domestic policy and living standards. Steel control in Canada again The re-establishment of the

Canadian Steel Control with powers equalling those of war time was amonneed to day by Mr Howe to meet the emergency created by the American steel strike. Mr. Howe said that, if the strike was prolonged, the effect on Causda would be disastrous. One month's stoppage would virtually paralyse the Canadian economy, causing widespread unemployment.

No Finance Minister in France Difficulties in finding someone in France willing to take the post of Finance Minister delayed Cabinet making in night and left France without a Government one week after General Charles de Gaulle's resignation

احكذا من الاحل

business provides a good living but is very humble compared to the

Doubts may be growing about Sir Rocco Forte's bid to buy back the plum bit of his family's hotel empire, but one member of the family is determined to keep the Forte name going.

Alfred Forte, a cousin of Sir Rocco Forte, owns a 56-seat and even possibly go on to visit ice-cream parlour and snack bar in Beiling. Berwick-npon-Tweed. "The down with Jiang in Bangkok to review progress on Hong Koog's

Tea in China?

Forte empire grew up.:

British prime minister John Major's visit to Bangkok early next. month for a meeting of European Union and Asian leaders has sparked plenty of chatter about whether he will meet up with Jiang Zemin, China's president,

It would be odd if Major didn't sit

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LEGAL DEFINITIONS Super n. & x 1 that Lawley presenter on relevision 2 term for legal proceedings against a person (usu foil by ponts off). see ROWE & MAW: asap (ph 0171-248 4282) RowearMan LAWYERS FOR BUSINESS

# FINANCIAL TIMES Friday January 26 1996

# **Major seeks to reassure Dublin over election plan**

By John Kampfner in London and John Murray Brown in Belfast

Mr John Major last night sought to reassure the Irish government that his plans for elections to an Ulster convention ware not intended to sideline Dublin.

Nationalist politicians rounded on the UK prime minister following his announcement to the House of Commons that elections provided the best remaining hope of delivering all party talks.

However, it emerged that some ministers had earlier in the week been considering a softer formula to respond to the report of former US senator George Mitchell's International commission. One idea discussed in govern-

ment was to offer Sinn Féin three options: to begin immediate decommissioning of IRA weap-ons, in line with the longstanding British demand, to agree to elec-tions; or to agree to the principles set down by Mr Mitchell as a demonstration of democratic intent.

It was made clear by several present at a meeting of the cabinet's Northern Ireland'e sub-committee on Tuesday that such an

Ulster convention best hope of all-party talks, says British PM

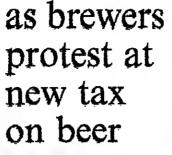
Mr Major said he had no inten-

option would let Sinn Féin off the hook and would infuriate unionist parties and a large number of Tory MPa. With a harder line agreed, Mr Major then made clear to the Commons on Wadnesday that Mr Mitchell's "six commitments" would not suffice. Irish irritation at the prime minister's announcement was

compounded by what they alleged was his failure to inform his Irish counterpart, Mr John Bruton, of his full intentions during a telephone conversation on Tuesday night. British officials disputed that interpretation, say-ing Mr Major had informed Mr Bruton of his intentions.

Relations between the two leaders have been one of the linchpins of the peace process, but Mr Bruton yesterday made his annoyance plain. "We cannot have any unilateral decision on a matter of this nature," he said,

In a letter to Mr Bruton last night, Mr Major ontlined the thinking behind his election plan and urged continued co-operation on getting talks started. ruled it out.



Bali dry

#### tion of creating an assembly simi By Manuela Saragosa In Jakarta lar to those at Stormont in the 1970s and 1980s which collapsed

along sectarian lines. He stressed that the body would serve purely Indonesian brewers have stopped as a forum for formal negotiasupplying beer to Bali, the countions on a constitutional settle-ment for Northern Ireland. Mr Major told the Commons he was still prepared to call all-party try's prime tourist destination, in protest against a new tax on beer levied by a company understood to be controlled by President

talks by the end of February, as Subarto's grandson. take by the end of February, as agreed several months ago with the Irish government, as long as Sinn Féin abided by his original demand that the IRA give up some arms. Mr Dick Spring, the Irish deputy prime minister, told parliament in Dublin that the British idea was a "delaying fac-tor" designed to keen Sim Féin The brewers are outraged at a decision by Mr Ida Bagus Oka, Bali's governor, to allow the Arbamas company to charge and collect an additional regional tax on alcohol through a system of compulsory labelling. Arbamas is widely believed to be owned by Mr Ari Sigit, the son of President Subarto's eldest son.

Fright designed to keep Sinn Féin out of all-party talks. He called for an urgent meet-ing next week with Sir Patrick Mayhew, Northern Ireland secre-bary. For all the rhetoric, how-ever, neither the Social Demo-cratic and Lebour party which Under the scheme, beer bottles not bearing etickers which producers must buy from Arbamas are considered illegal. The Indonesian drinks industry associa-tion said the Rp400 (18 US cents) cratic and Labour party, which has reacted most angrily to the tax per beer bottle charged by election idea, nor Sinn Fein have Arbamas is 200 per cent higher than the existing regional tax.

Alcohol imports and sales are already subject to strict controls and hefty taxes in Indonesia, which has a predominantly Moslem population.

Only two state companies are permitted to import liquor, which is subject to duties of between 40 and 170 per cent, in addition to a 35 per cent luxury sales tax, a 10 per cent value added tax and

other excise taxes. Locally brewed beer is subject banking supervisors within the Basle committee had established international standards for captto both the luxury sales and value added taxes and to a Rp650 a litre excise duty. A 630ml bottle tal for individual banks, regula-tors of exchanges and settlement of local beer costs between Rp4.000 and Rp8,000, depending

institutions should agree rules. on where it is bought. He said that he was not calling Supplies to Bali have been for exchanges to operate in the withheld for 10 deys in a move same way, but there was a need that could leave thousands of holfor them to meet common requirements. Ha said these requirements should probably cover questions including which idaymakers dry. "Recently, the army units in Bali seized 100 crates of our beer which did not bear Arbamas stickers," said Mr institutions were allowed access Rubian Harahab, spokesman for to payment systems, as well as the association and an official st the financial soundness and Delta Jakarta, brewer of the highliquidity requirements of selling Anker beer.

both government authorities and the presidential family, the asso-

ciation questioned the legitimacy of the scheme and its effects on

the investment climate in the

It also warned that since tour-

ists are the largest consumers of beer in Bali, the tax threatens to

country.

# THE LEX COLUMN Trouble hits Toytown

Mattel

05

The rationale for merging Toytown's two largest players is sufficiently com-pelling that even the aggrieved defender, Hasbro, makes little attempt to deny it. There are \$100m of proj-scied savings from eliminating central overheads and distribution overlap, and combining marketing expendiand this looks conservative. In addition, Mattel is generating more cash flow than it knows what to do with. This cash could generate aub-stantial returns at Hashro, which has

a portfolio of strong but poorly-per-forming brands. The benefits of merg-ing toy makers have already been demonstrated by Mattel's \$1.1bn take-140 ---120 . 100 20

over of Fisher-Price in 1993. Nonetheless, it could be a vicious battle. Hesbro is playing the anti-com-petitiva card to retain its independence, and it will gain enthusiastic case is even clearer. By promising to backing from US retailers. They have a point. The combined group would control 28 per cent of the traditional pay a white knight \$200m, it forced Wells Fargo to raise its offer by almost

toy market in the US. However, Mattel and Hasbro are focused on different market segments, And the Scott Paper and Kimberly Clark merger demonstrates that a little restructuring can ba enough to calm the regulators. This puts Hashro in an awkward

position. Its long-suffering sharehold-ers saw a 35 per cent rise in their investment yesterday, this will disappear if the management rebuffs Mattel's approach. Hashro should submit to commercial reality and try to facili-tate a deal. After all, the price of failure is a \$100m termination fee - which is more than half Hashro's forecast net profits for 1995.

#### Termination fees

Matjal's \$5.2hn hid for Hasbro con-tains a nice fat bribe. The toymaker is trying to bounce its reluctant rival into an agreed merger by offering it \$100m in compensation if the deal is subsequently blocked by the authorities. Such termination fees are increas-ingly common in the US. First Bank System has just walked away with \$200m after its white knight bid for First Interstate was trumped by Wells Fargo.

At first sight, these payments looks like a huge wasts of sharsholders' money. But there is some logic to them. Mattel is clearly hoping to avoid a long drawn-out bid battle with Hasbro and gambling that if the two present a united front they can get regulatory approval. Since the resultant savings would be huge, it may wall be worth risking \$100m. First Interstate's

to plug into Visa's computer systems. True, Amus believes banks would be well-placed to sign up customers and merchaots because they have already made an investment in the eard business. But that investment in relationships has been incurred by banks individually rother thon by Visa

Menting Replacement

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collectively. Visa's other argument - that banning its members from issuing Amex cards may be needed to preserva the intense rivalry between the two card networks - is equally weak. It is hard to see why compatition would be eroded if a bank issued both Visa and Amex cards. Visa will have to come up with better arguments if it is to convince the Commission that its real intent is not to curb competition.

#### UK pensions

Pension provision for the next century may not be much of a vote win-\$1bp. If thay encourage a bld that would not take place otherwise, or perner but the Labour party is right to focus on it. The City of London should suade a white knight to come forward too. The pensions crunch focing the British economy may be less sovere than elsewhere in Europe but its scale and make a higher offer, termination fees are a good idea. But the payment is still staggering. The current generashould not be so large that it turns tion is trapped. It will have to save Terminetion fees are unlikely to spread to Europe, however. Under UK more, because the value of state pensions has been sharply cut back. But this will not stop it facing a huge tax takeover rules, they would need prior hill to pay for the rights of existing stote pensioners: the cost is set to rise, shareholder approval - difficult to arrange within the strictures of the in 1994/5 prices, from £36bn a year to bid timetable. Takeover codes elsewhere in Europe have not aven consid-£54bn a year by 2030 - roughly equivaered the issue. But this is the sort of jent to a 9 per cent increase in income tax. practica that could be usafully

The outcome is inevitable: sooper rather than later, many people are going to have to put more aside for their retirement. Pressure is growing for some form of compulsory savings Should a bank that is the member of one credit card company be allowed to issue cards for a rival organisation? That is the nub of the spat between regime, along the lines advocated by Mr Frank Field. The current government has ideological problems with this - but the next one may well not. Visa and American Express, which For the City, this is not a problem went to the European Commission this week. Amen, which is struggling to gain greater penetration for its but an opportunity. A big new market is at staka. At present, pensions business is becalmed: occupational pension membership is at best static, and personal pension sales have been hit by the misselling debacle. The latter, though, looks a short term phenomeissuing Amex cards. Since banks are the obvious distribution channel for cards, and since almost every bank of note balongs to Visa, such a proposal non - which is good for life assurers. Meanwhile, if they play their cards right, fund managers could one day end up running a new governmentsponsored fund for low earners. They should lobby hard to do so.

> Additional Lex comment un UK premium bonds, Page 17

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**UK central banker calls for** standard rules on settlement

#### By John Gapper in London

A leading international banking supervisor yesterday called for regulators to establish minimum standards for national payment and settlement systems to pre-vent a catastrophic failure of the global financial system.

Mr Brian Quinn, axecutiva director for banking supervision at the Bank of England, said the collapsa of the UK merchant bank, Barings, last February had demonstrated weaknesses in co-operation between supervisors and regulators.

Mr Quinn, echoing concerns expressed by other international supervisors that the failure of a national stock market or futures organised by Goldman Sachs, the investment bank. across global markets, called for an initiative to reduce these TISKS. Supervisors are concerned that shocks such as the failure of the US investment bank, Drezel

Burnham Lambert, the Bank of Credit and Commerca International, and Barings, could set off

such a chain reaction across the world. Mr Quinn said Barings' collapse from £800m of derivatives losses accumulated by Mr Nick Lacson, a trader, had posed a threat not only to the Simes

futures exchange in Singapore, but to the clearing of European Currency Units. "The barsh reality is the web of financial transactions has expan-ded enormously in recent years...the next Barings, perish

the thought, might not work out with such limited damage," he told a New York aymposium down of firm standards to be met by exchanges, Mr Quinn said that just as

in a rare confrontstion with

FT-SE Eurotrack 200: 1651.49 (+4.87) US toy makers Share prices impassed 240 ---200 160

1002

into a poison gill.

Amex/Visa

exported across the Atlantic.

cards in Europe, wants to use banks as distributors. Visa, which dominates

the European card market, is thinking

of banning its bank members from

Visa's main counter-argument -

that Amex is trying to gain a "free

ride" on its investment - does not

hold water. Amer is not trying to use

the Visa brand name; nor is it trying

looks blatantly anti-competitive.

ANGE: FT Exte

95

has gone beyond a general call for more co-operation between the national regulators of payment systems to suggest a laying

xchanges and payment systems. A debate should also cover His speech marked the first time that a banking supervisor questions of an exchange's collateral requirements - how much cash a member is required to daposit as safe-keeping - and what arrangements members have for sharing losses.

Congress drafts bill to avert shutdown

#### **Continued from Page 1**

House speaker, has called a "down payment" towards a balanced budget.

However, Mr McCurry yester-day urged Republicans not to "wave the white flag" on the balanced budget, saying the White House was rejuctant to postgone the goal of balancing the federal budget until after the poll.

The White House also opposed

Europe today

the proposal to link such a deal to an extension of the federal debt cailing, the government's borrowing authority. Mr Ging-rich has said the linkage was pec-

radical Republicans, Mr Robert Rubin, the Treasury secretary, said yesterday he was "absolutely confident" that the US would not default, adding that Moody's announcement might make a default easier to

avoid. "In a sense it was a con-structive move because it helped continue this process of focusing people on getting this problem solved," he said. essary to guarantee support from

FT WEATHER GUIDE

Mr Leon Panetta, the White House chief of staff, yesterday called on Congress to enact a dabt limit extension, without attached conditions, for a year, and to extend the government'a borrowing authority from \$4,900bn now to \$5,500bn

have a pegative effect on the development of tourism on the island. The popular beach resort of Kuta, for axample, has allnight pub crawls catering almost exclusively to foreign tourists. Arbamas had positioned itself early last year to implement a

similar scheme on a nationwide scale but its attempts were believed to have been thwarted following objections by Indonesian brewers. At the time, Arba-mas officials said the scheme was designed to protect the young from the effects of alcohol

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There also an arrival	
Southern Scandinavia will be cloudy with continuous light snow and a fresh easterly	1940
breeze. Western Norway and southern	
Finiand will be surny but cold. The British Jeles will have snow or sleet with strong	1050
breezes along eastern coasts but areas wast of the mountain ranges will be dry with a few	

of the mountain ranges will be dry with a fu breaks. Germany and the Benelux will be cloudy with occasional snow and northern France may have freezing rain. Rain is expected over western France and the Ibertan Peninsula, Central France and north-eastern Spain will be rather sunny. Rain and snow with fail over the western Alps. Southern Italy and Greece will have heavy showers and thunder storms. The southern Batkans will be cloudy with patchy rain. Most other areas in eastern Europe will be cloudy with snow flurties, but a few breaks are expected over Russia .

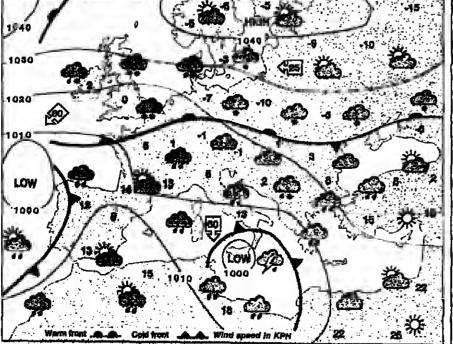
#### Five-day forecast

North-eastern Europe will remain cold with patches of light snow but some sunny periods. South-western Europe will be mild and unsettled with rain over Spain and Portugal. Showers moving eastwards will continue to affect the Mediterranean

#### YODAY'S TEMPERATURES

Beijing Betlast Belgradi Berlin Bermud Bornten Brussek Budapa Cutaga Cutaga Cutaga Cutaga Caracas Carolifi Casabian Cracago Cologne Delica Delini Dubei Dubei Dubei Dubei sun alaat cloudy cloudy showar cloudy show anow cloudy show fair fair Faro Frienkfurt Gebreve Gilbagowy Hangburg Hong Kong Hong Kong Hong Kong Hong Kong Hong Kong Hong Kong Hongiuts Istanbul Jakarta Jakarta Jakarta Las Palmas Ling Lindon Lusk.bourg Lyon Mateira 3001577244612202 rain anow cloudy rain cloudy enow fair cloudy rain fair sun shower rain show anow cloudy shower cloudy lair thund cloudy cloudy thower sun rain cloudy cloudy cloudy cloudy cloudy cloudy cloudy cloudy fair shower sun fair fair cloudy howar snow fair sum sum sum sum sum steet rain sleet 1372213210321 c sun fair fair anow shower rean sun cloudy fair fair Majorca Maita Manchestar Manthestar Mantis Messeo City Marni Mitan Montreel Abu Dhab Abu Di Accra Algiers Amaters Athens Athens Athens B. Aines B.ham Sangkok Barcelon Your frequent flyer program: Eufthansa Miles & More. 22 27 19 10 Lufthansa

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# **FINANCIAL TIMES COMPANIES & MARKETS**

OTHE FINANCIAL TIMES LIMITED 1996

terday.

Hyundai

plans to

5 years

By John Burton in Seoul

carmakers within five years

comes amld growing concerns

that Korea's car industry is

Friday January 26 1996



## **Damages burden** threatens Loewen

Loewen Group, one of North America's biggest funeral bome operators, has warned that it may be forced to file for bankruptcy protection following a big civil damages award last autumn by a Mississippl jury. Loewen's shares lost almost a third of their value in early trading on the Torooto stock exchange. Page 16

Outokumpu fails on profit disappointment Shares in Outokumpu fell heavily after the Finnish mining and metals group reported much lower than expected profits in the final four months of 1995. The group blamed the setback on asset write-downs and inventory losses caused by a weaker stainless steel market. Page 14

#### Japanese brewers feel the draught After swamping the world with electronic gadgets and cars, will Japan now flood it with beer? The country's leading beer companies bope so. Faced with increasing pressure in the domestic market, they are pumping up their overseas operations. Page 15

Price falls hold back US Steel in final term The steady decline in steel prices in the US in the second half of 1995 ate into the profits of US Steel in the final three months of the year, reversing the earnings growth of earlier quarters. Page 16

**UK government sells last BAA holding** The government raised about £145m (\$223m) from the sale of its residual 2.9 per cent stake in BAA, the UK's largest airports operator, Page 17

Chicago exchanges to resume talks on link Chicago's futures exchanges, the Chicago Board of Trade and the Chicago Mercantile Exchange, are to examine the potential "for common initiatives, including a possible merger", following a meeting this week between senior executives at the two markets. The move revives an idea which appeared to fall out of favour earlier this month. Page 26

#### Traders caught short as gold hits \$407 Gold's price jumped conclu-

sively through \$404 a troy

Traders were taken by sur-

\$407, up \$4.10 an ounce,

ounce to close in London at

Gold Cash metal (S per tray sunce) 410

prise by the upward movement as many expected the price of gold to fall and went sbort - or sold gold they did not own in the expectation of buying it at a lower price and pocketing the differ-

ence. The price rise also sparked further buying by US hedge funds. Page 25 Polish shares jump after PM's resignation

In Warsaw, shares rose sharply after the announcement of the resignation of Mr Jozef Oleksy, prin minister. The Wig index rose nearly 5 per cent 9,716.7 as turnover expanded from 38.9m zlotys 177,3m zlotys, Back Page

#### By David White in Madrid and Antonia Sharpe in London state industrial holding unit. The period for applications began on January 17, with half

Strong demand from Spanish investors means that the retail tranche of the forthcoming \$1bn the 33m shares on offer reserved for the Spanish retail tranche. The public sbare offer will be plus offer of shares in the Repsol oil, gas and chemicals group is already beavily oversubscribed open from Tuesday to Friday inclusive, following the fixing of a maximum issue price next Monday. Bankers said the tranches for before the official opening next Tuesday, the company said yes-

domestic and international institutional investors, totalling 12.5m Purchase orders for the privatisation issue exceeded Pta262bn (\$2.1bn), or more than four times shares, were also oversubscribed. The scale of the demand globally the amount on offer to retail investors, according to provi-sional data received by Sepi, the

4m shares would be exercised. It is believed that the initial underwriting sizes are as follows: 2m shares for Spanish institutions; 5.3m shares for US institutions: 3m shares for the UK; 1.7m shares for continental Europe: and 500,000 for the rest of the

The final price for the retail and institutional tranches will be set after the close of trading in

New York on February 5. The operation, the second Rep-sol privatisation issue in less for Repsol shares meant that it than a year, is expected to raise was highly likely that the "green-shoe" or over-allotment option of government with a 10 per cent stake in the group, compared

with 21 per cent at present. Repsol described the demand estimates, which showed that 195,000 investors had placed purchase orders, as "highly satisfac-tory". Institutional presentations in the US are due to begin next to Ptal17.7bn.

Repeating a successful formula used last year, individual purchasers are being offered a 4 per cent discount on the shares, with a possible rebate of up to 10 per cent if they retain them for a year and the share price falls during this period. The offer is

of Pta50,000 and a maximum of Pta10m

Provisional estimates show a 21.6 per cent increase in Repsol's consolidated net profit last year

Spanish privatisation programme is expected to be Argentaria, the banking group. The government, which last November decided to halve its 50 per ceot stake io Argentaria, has asked 21 banks to submit their bids by the end of the month However the proving the month. However, the proximity of the general elections in March and Argeotaria's weak share price could delay the sale.

improves 39<sup>5</sup>/<sub>0</sub> in final term

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Reduced income tax charges. caused by the receat 10 work strike by Boeiog englocers, belped generate a 39 per cent surge lo fourth-quarter oet profits at the US aerospace group. Income for the period was \$218m, compared with \$157m in the same period last year, on sales of \$4.5bn, down from \$5.1bn last time. Earnings per sbare rose to 63 cents from 46 cents, the company conconced

yesterday. Bot the effects of the stoppage, which delayed delivery of about 30 airliners, could oot concel out the impact of an earlier \$600m restructorlog chorge and fallyear net earnings fell 54 per cent

to \$393m, from \$856m in 1994. Eveo excluding special retirement charges, net income fell to \$783m on total revenues down from \$21.9bn to \$19.5bn. The sale decline occurred in the commercial alreraft divisions. Defence and space reported sales np 10

per cent at \$5.6bn. Boeing delivered 206 commercial jet aircraft in 1995, 64 fewer than in 1994, and said it expected to finish about 215 this year, when, despite growing demand, the market would remain extremely competitive".

Production rates were expected to increase to pre-strike levels during the current quarter and group revenues were likely to recover to about \$22bn - little changed from 1994.

A \$400m reduction to \$1.3bn in research and development bud-gets last year - a similar figure is expected in 1996 - belped bolster the bottom line. Mr Frank Schrontz, chairman

and chief executive, said continned growth in world passenger traffic and improving load factors had been very encouraging. As announced earlier. Boeing won ebont two-thirds of the world market for commercial jet

double car you can have output in cake and eat it

Hyundai Motor, Sonth Korea's largest car company, plans to double production to 2.4m vehicles by 2000 and increase annual sales to \$260n, Mr Chung products group, come up with a miracle in the form of its zerocalorie fat substitute, olestra? After nearly nine years of waiting, Procter & Gamble this Mong-gyn, the company's new chairman, said yesterday. The programme to make Hyun-dai one of the world's 10 biggest.

week won clearance from the US Food and Drug Administration (FDA) to put olestra on the mar-ket under the brand name Olean. It will use it in its own products and sell it to other food companies that want to use it instead of

heading for excess capacity. Rival vehicle groups Kia and Daewoo Motor have also committed themselves to producing at There have been many previous attempts to replicate fat with least 2m vehicles a year each by other, less calorific substances the end of the decade. About 1m based on carbohydrates or proof Daewoo Motor's ontput will tein. But none of these products emerge from a network of car successfully replicates the taste and truck plants being created outside Korea, in locations rangof fat, and they cannot be used for frying.

ing from eastern Europe to east Olestra is different because it is fat-based. Made from a combination of sugar and vegetable oil. it looks, cooks and tastes just like fat: but because of its molecular

It sounds too good to be true: fat you can eat without put-ting on weight. So has Proc-ter & Gamble, the US consumer Pringles potato chips in the US this year, and will start selling snack manufacturers.

Within hours of the FDA clearance, PepsiCo's Frito-Lay subsid-lary said it would start test marketing salty snacks made with

On the face of it, the potential for olestra looks promising. The worldwide market for fat substitutes is thought to be worth about \$1bn a year, mostly in the

About a third of the US population is obese, according to official figures, and clestra has the potential to do what no other fat substitute has yet achieved: deliver fewer calories without compromising on taste.

On the other hand, the FDA has decreed that products con-taining olestra will have to carry an information label cautioning that olestra "may cause abdominal cramping and loose stools" e wording that seems unlikely to



UK food research agency, the UK tinuing to seek alternative methmarket for fat-reduced foods is only £2bn (\$3bn) a year, or only ods of achieving fat-free foods -

subject to a minimum investment Market potential for a no-calorie fat substitute appears promising Procter argues

# Boeing **Demand for Repsol exceeds offer** The next candidate in the By Christopher Parkes In Los Angeles

Companies in	this is:	sue	
AMR	16	Intel	
AT&T	16	Konica	
Airbus	5	Korean Aircreft	
Antena 3	14	Lindley, J.R.	1
AssiDoman	14	Loewen Group	1
BAA	17	Lufthansa	1
BAa	5	MCI	1
BCE	15	Maharalah Organ	
Barrick Gold	15	Mattel	1
Bell Canada	5	McDonnell Douglas	
Boeing	13.5	Microsoft	
Borders	5	NTT	1
Borsodchem	14	Nat'l Australia Bank	1
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Ferfin	14	Standard Chartered	1
Finmeccanica	5	Tata & Lyle	1
Fujitsu	5	Temple-Inland	1
GEA	14	Time-Warner	
Ganbro		LIAL	1
Hasbro		US Steel	1
Hewlett Packard		USAIr	1
Highlands Gold	15	Unitech	1
Holliday Chemicals		WUTV	
Hyundai		Water Hall	1
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ileee				Rises			
Cantab Phum	530	+	85	Chesdia Koali	56.25	+	1.5
locares -	270	+	33	Great Eagle	23.4	+	1.0
ALLEDO	457	٠	46	NSBC	126	+	2.0
alle				Handemon Land	58	+	1.5
Louiday Chem	119	-	45	Sun Hung Kal	68.75	+	27
Standard Child	636	-	2614	Falix			-
onening Chem	258	-	22	Shanori-La Asia	10.3	-	04
TORONTO (C	<b>5</b> }			BANGKOK (B			
tions	•				the state		
MONTH	33	+	115	Riges	152	•	12
ranca-Nevada	86	+	21	Bangick Agro	576	÷	34
Antrowerks	170	•	134	Matural Fund	155	÷	14
-Com#	12**	*	15a	Teni Dana 8×		-	
				Linion Bk	112	+	57

216 ~ 14

New York & Toronto prices at

PARIS (FFT)

uice-	ASIA.
me	Earlier this week Daewoo
to	Motor, part of Korea's third larg-
to	est industrial group; projected a
	flyefold net profits increase for
	1995 to Won10bn (\$13m).
	Hyundai plans to produce 1.9m
	vehicles in Korea and another
	vencies in Aorea and another
5	500,000 abroad, including output
5	in Turkey and proposed plants in
15	eastern Europe, India and Viet-
18	nam. The expansion of manufac-
14	turing facilities is expected to
16	cost Won2,500bn.
5	Mr Chung estimated that
18	Hyundai would account for 4 per
5	cent of total world car produc-
5	tion by the end of the decade.
15	Sales would be split evenly
15	between Korea and overseas
5	markets.
15	Hyundai plans to spend
14	
5	Won4,500bn on research over the
13, 15	next five years to develop tech-
13	nology and double the number of
18	its basic car models to 10, includ-
5	ing a mini-car, a deluxe sedan
15	and e sports ntility vehicle.
18	Sales for Hyundai in 1995
14	amounted to Won10,300bn, with
17	780,000 vehicles sold in Korea
17	and 500,000 abroad.
14	Analysts predict that Hyun-
18	dai's rapid expansion will con-
16	tribute to a threatened produc-

tion gint for the Korean car industry.

Korean carmakers' plans to double production to at least 6m vehicles by 2000 come in spite of slow growth in the domestic market, which accounts for 60 per cent of their total eales. ssangyong, the country's fourth vehicle maker and Samsung, the electronics group, are also mov-ing into vehicle production. Althangb Korean carmakers hope increased sales abroad will support higher production, con-cerns remain that excess capacity could lead to shrinking prof-its and industry consolidation. Now FDA approval has been won, Procter & Gamble plans to

By Robert Corzine

long-term contracts.

ported in the country.

and Stefan Wagstyl in London

problem, the government decided

duction of some form of lavy.

Sir Ian Lang, trade and indus-

construction, it passes through

Procter & Gamble has spent more than \$200m developing olestra over the last three

# decades

the body without being digested or absorbed, so it adds no calories to the diet. Over the last three decades, Procter & Gamble has spent more than \$200m developing olestra. in 1987, the company applied to the FDA for permission to use It in the manufacture of savoury snacks as a first step towards its introduction in other foods. Like most miracle products, olestra proved to have some drawbacks. Scientists discovered that it scooped up and swept away several essential vitamins from the body, preventing them from being absorbed. Embarrassingly, studies showed that it could also have a laxative effect, causing flatulence and "faecal urgency", among other things. However the FDA, charged with determing a "reasonable certainty of no harm" from the proposed use, decided that the laxative effects were not harmful and Procter & Gamble undertook to counter the vitamin-scooping effect by adding extra vitamins.

encourage sales. More significantly, the approval given by the FDA

applies only to the relatively narrow US market for salty spacks such as polato chips, tortilla chips and crackers. The applica-tion process will have to start all over again if Procter & Gamble wishes to extend the use of oles-

tra to other products. Mr John McMillin, a food industry analyst at Prudential Securities Research, said: "The good news is that you can have your cake and eat it too. The bad news is that yon can only use olestra for salty snacks and crackers: the FDA has very nar-

rowly defined it. "If it gets limited to these categories for ever, Procter & Gamble will probably get a return on its investment. But I think the real issue is whether, after going a couple of years with salty snacks, there is a possibility of opening it up to more categories."

Outside the US, the UK and Canada are the only countries in which Procter & Gamble has yet sought permission to use olestra. The company expects the UK Ministry of Agriculture to note the US approval but to take its time making up its own mind.

Within Europe, the British are the right consumers to target because they eat far more salty snacks than other Europeans. Bnt their consumption is still only half the 22 pounds of salty snacks eaten each year by the average US adult. With fat less of an obsession for Europeans, alestra therefore loses some of its allure.

According to Leatherhead, a

# **UK** government rejects levy on transportation of gas

the government's objective. in an The UK government yesterday interview, he denied that politidrew back from direct involvecal considerations played any ment in the dispute between Brit-ish Gas and North Sea gas pro-ducers over £40bn (\$60.4bn) of part in the decision. Announcing the decision, Mr Tim Eggar, the energy minieter, cited ... encouraging signs of prog-In a setback to British Gas's ress in discussions between Britefforts to orchestrate an industryish Gas and gas producers". wide solution to the contracts

But British Gas last night said negotiations were only at "a very against seeking anthority to preliminary stage". It said powers to introduce a levy would impose a levy on all gas transhave been "a sensible and pru-Many of the suggestions by British Gas and producers to dent insurance policy" in case the proposed ranegotiations failed to solve the issue. A levy resolve the issue of high-priced contracts depended on the introwas seen by British Gas and some producers as 5 way of spreading the costs of the high-priced long-term contracts, which try secretary, said imposing the levy would not have been in the British Gas says are a legacy of

interests of consumers and pro-tecting consumers' interests was a competitive disadvantage in the run-up to full gas market competition in 1998.

It pays an average of 19p-20p e therm for gas, compared with a current spot price of below 10p a therm and a longer term market price of around 15p.

Over the next few years the company is expected to pay producers a cumulative total of £1.5bn for gas which it is contracted to buy but for which it no longer has customers because of falling market share.

Mr Eggar yesterday held out the prospect that the government might review its position. Officials from the DTI said mechanisms other than a levy could be adopted if future government action was needed to secure solutions to the contracts issue.

£600m excluding milk, compared with £25bn in the US. The market for substitute fat ingredients is only £10m-£20m e year in the UK, Germany, France, Italy and says. Spain, it says. A number of large food compa-

nies including Unilever, the Anglo-Dutch consumer products group, are researching the same chemistry that Procter & Gamble challenge." uses for clestra, gathering Results, Page 16 patents along the way. "It is a new technology we can't ignore," Unilever said.

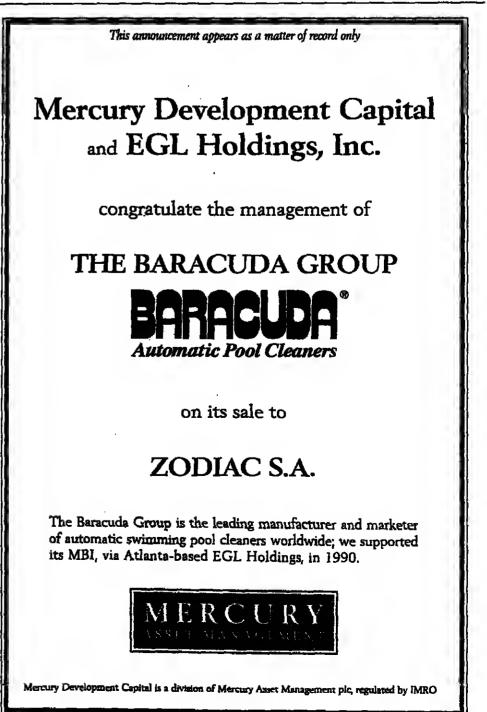
Food companies are also con-

for example, baking rather than eirliners last year. leaving Europe's Airbus consortium in frying potatoes to get fat-free crisps. A low-tech route has merits

second place with 15 per cent. Continuation of this trend depended on sustained growth of over olestra, one UK crisp maker passenger traffic at profitable

yields, Mr Schrontz said. "The warnings on packets of olestra-fried chips don't sit too Confirming the industry's continuing recovery from slump well with the innocent pleasures and 1994's dip when total world orders tambled to their lowest of snack foods. The side-effects present a formidable marketing level in 10 years - Boeing said it took orders last year for 346 aircraft, worth \$31.24bn. However,

only 12 per cent were destined **Richard Tomkins and** Roderick Oram US airline results, Page 16



### INTERNATIONAL COMPANIES AND FINANCE

# Fourth-quarter weakness hits Outokumpu

#### By Christopher Brown-Humes in Stockholm

14

Shares in Outokumpu fell sharply yesterday after the Finnish mining and metals group reported much lower-than-expected profits in the

final four months of 1995. The group, which is 40 per cent state-owned, blamed the setback on asset write-downs and inventory losses caused by a weaker stainless steel market.

It said its preliminary pre-tax profit for 1995 was FM1.5bn the decline was the group's (\$331m). Although this is a 45.6

per cent increase on the FM1.03bn profit reported in 1994, It is well below the FM1.7bn to FM1.8bn expected by analysts. After the news the FM160m. group's shares fell FM4.4. or 6.5 per cent, to FM63.8.

The optimism apparent at the eight-month stage, when the group more than doubled pre-tax profits from FM557m to FM1.32bn, was lacking in its statement yesterday. Profits in the final four months - at

mate of 4.2m tonnes. The group also wrote down the book value of its 7 per cent stake in fellow Finnish indus-

about FM180m - were well trial group Tampella . by below last year's FM471m. FM60m to reflect a fall in Tam-One of the main reasons for pella's share price. Ontokumpu said its result

decision to write down the value of the proven and probable reserves of its Forrestania stainless steel market in few months. nickel mine in Australia by December, when prices fell by about 10 per cent. The develop-ment forced it to cut the value The move, which the market did not expect, follows a recent of its metal inventories, result-

survey suggesting the mine's ing in a small inventory loss nickel content is about 15 per for the full year after gains of cent lower than an earlier esti-FM52m at the eight-month stage and FM320m in gains for the whole of 1994.

The drawdown of excessive [stainless steel] stocks, which began on the market during the autumn, continues and prices have fallen," Outokumpu said. Bnt it expected

had also been undermined by a the market to stabilise and marked weakening in the demand to pick up again in a

> The company said its fullyear figures reflected the strong rise in metal prices in the first eight months of the year, greater efficiency, and a small increase in production. Sales rose only slightly, from FM16.7bn to FM16.8bn - the

increase would have been greater without disposals while operating profits climbed. from FMI.05bn to FMI.55hn.

Average copper prices were abont 27 per cent higher in 1995 than in 1994 and nickel

Outolampu Share price (Maridia) 72 --70 -\*\* M-, 66 621 Nov 1995 cer FT Extel

#### prices were 29 per cent higher. Prices for stainless steel were also well above last year's.

Eramet chief as good as his word |Saint-Gobain net The French group is set to take up 16% despite Eramet group control of manganese producer North America Comilog, writes Kenneth Gooding

French group's chairman and chief executive, made a promise. He said thet the cash-rich company, already the world's biggest producer of ferro-nickel and high speed steels, would seek to acquire a third industrial business to round off its operations.

Many observers thought the search was likely to take a long time because of the tough criteria Mr Rambaud had imposed. But he had had his eye on the perfect takeover target for some years.

That target was Comilog, one of the three main producers in the western world of manganese, a material essential in steel making. Comilog carries out open-pit

mining in Gabon, while Eramet mines nickel in the same way in New Caledonia, a South Pacific island, Comilog's processing plants in Belgium, France and the US all use technology familiar to Eramet.

Eramet had to bide its time, however, waiting for some of Comilog's shareholders to be willing to sell. Comilog was owned 30 per cent by the Gabon government, 15 per cent by Gencor, the South African mining group, and 17 per cent by BRGM, the state-owned French mining right: group, with the rest in the year. hands of private shareholders and others.

dividends until 1991, when it . Eramet now hopes to acquire 47 per cent interest in

When Eramet was floated on the Paris stock exchange in 1994, Mr Yves Rambaud, the and four times forecast 1995 cash flow. Eramet has also said the price is close to the net

worth per share. The deal is subject to conditions, including a due diligence exercise Eramet is conducting. Eramet last month bought

BRGM's shares in Comilog, in a deal which gave it three directors on the Comilog board. The rest of the stake will be provided by private shareholders. Eramet can, until June 15

next year, sell back shares to the private shareholders at the same purchase price, if the deal is unacceptable to Eramet. This means the due diligence

exercise must be finished before the deadline. The Gabon government's attitude provided the key to Eramet's approach to Comilog. It apparently wanted Eramet to move in and take management control rather than have Gencor in charge.

Gencor would have been a likely candidate but It has a substantial interest in Samancor. another South African company and one of Comilog's big competitors. Gencor actually had pre-emptive rights, had any of the Comilog shares been offered for sale, but these rights expired in March last. Comilog paid large annual

High speed saled 32% Nickel 68%

"excluding ETP -i. :

good - the price was not." He says Comilog hopes to pay dividends in 1995, a move which would be welcomed by the Gabon government.

eastern Gabon, about 600km from the nearest port by rail. Nominal mine capacity is 2.5m tonnes a year, but production. has passed that level when manganese prices have insti-fied it. Output in 1994 was 1.6m tonnes; in 1995 production it is expected to be about 2m

tonnes. Eramet says the mine's reserves would last more than 100 years at the current rate of output.

ther Comilog assets include a ferro-manga-nese plant in Boulogne, France, with 400,000 tonnes a year capacity but which is now producing about 280,000 tonnes; a silica-manganese acquired several ferro-alloy plant in Dunkirk, France, with plants from Union Minière, the a capacity of 60,000 tonnes and



#### By Andrew Jack in Paris

Saint-Gobain, the French glass and building materials group chaired by Mr Jean-Louis Beffa, yesterday reported net income np 16 per cent to FFr-2hn (\$830.1m) for 1995. The improved result came despite a 6 per cent reduction in turnover, to FFr70.3bn, fol-lowing its sale of the Papler-Bols business at the start of November 1994.

The group stressed that the capital gains from exceptional

Operating profits for the year rose 7 per cent to FFr7.8bn, ahead of a sharp

other non-operating costs of FFr560m, against FFr1.1hn.

FFr3.8bn. or 8 per cent of shareholders' funds, compared with FFr2.5bn in the previous 12 months. .

or 13.1 per cent of turnover came from self-financing, meaning that it was able to cover practically all of its industrial and financial investments internally.

for 19 per cent of the total, with a further 10 per cent exported from plants in France to other countries, 40 per cent from production in other Euro-

By Raymond Snoddy

election.

Mr Antonio Asensio Pizarro,

chairman of Antena 3 Televi-

sion, Spain's leading commer-

cial television channel, said

yesterday he would consider a flotation for the company if

there was a change of govern-

ment in the March national

Government permission is

now required for changes in ownership in Spanish televi-

sion channels, but the oppost-

tion centre-right Popular

Party, ahead in the opinion polls in advance of the March 3

vote, is likely to take a differ-

ent view. "When it is technically possi-

ble we will consider it," Mr Asensio said yesterday. He was

in London to sign a Ptal5bn (\$120.3m) Ioan arranged by

Merrill Lynch, the US invest-ment bank. The five-year loan

was designed to restructure the company's debt from

short-term to long-term. The

agent bank for the deal was the Royal Bank of Scotland.

Antena 3 was launched in 1989. For a time last year it

was the leading channel in

Spain and took 33 per cent of

total television advertising revennes. Its 1994 sales totalled Pta54bn.

As well as being the largest

Asensio also controls Grupo

Zeta, the large Spanish news-

shareholder in Antena 3, Mr duction and management

# EUROPEAN NEWS DIGEST Fokker bond fears hit Commerzbank

Commerzbank shares fell sharply yesterday on concern over its financial exposure to Fokker, the ailing Dutch aircraft manufacturer in which Daimler-Benz has a large minority stake. Daimler said on Monday it was ceasing financial support for the heavily loss-making company. Shares of the German bank dropped DM9, or 2.6 per cent, to DM338 on a day in which the Dax index of 30 leading shares rose almost 1 per cent to a record 2.443.72. Analysis said

rose almost 1 per cent to a record 2.443.72. Analysis said Commerzbank would have to increase its risk provisions,

depressing 1995 profits below market expectations. The bank was lead manager for two Fokker bond issues. Investors' concern centres on the second - totalling DM500m and running until 1998 - and the amount Commerzbank has on its books. The bond dates from 1993, just after Daimler became involved with Fokker, which increased investors' confidence in the issue. Dresdner Bank has also lead-managed

Fokker bond issues. UK analysts said Commerzbank had told them it had a "significant exposure" to the bonds. They said Union Bank of Switzerland had become a seller of Commerzbank shares. Some estimated the German bank's provisions would have to rise by up to DM200m (\$135m) for 1995 because of Fokker and Germany's economic slowdown.

Andrew Fisher, Frankfurt

F.

### Lufthansa 'in profit'

Lufthansa, the German airline, yesterday reported an 8.2 per cent rise in passenger volumes to 40.7m passengers in 1995, compared with 37.6m the previous year. In a preliminary statement ahead of its official 1995 figures, the airline added that the cargo and airmail business had also increased, by 9.8 per cent to 1.6m tonnes.

The figures did not include details of 1995 earnings, but the company said it "ended the year in profits". In the first nine months of 1995 Lufthansa posted profits of DM506m (\$341.9m) before tax and net transfers, a performance affected strongly by the rise of the D-Mark against the dollar and European currencies. Lufthansa said yesterday it ended the fourth quarter on "a positive note".

The airline said capacity measured in tonne-kilometres increased by 9.7 per cent with revenues up 9.1 per cent. The overall load factor, which denotes the utilisation of total available capacity, dropped by 0.4 percentage points to 70.4 per cent. The seat load factor - the occupancy rate of passenger seats -increased by 0.5 percentage points to a 70.5 per cent, compared with 1994. The number of passengers and the seat load factor were both records.

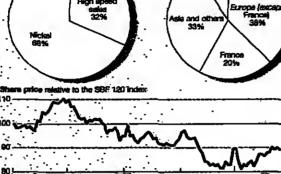
Wolfgang Münchau, Frankfurt

### Gambro backs Incentive bid

The bid by Incentive, a core Wallenberg empire industrial company, to complete a full takeover of the Swedish medical sechnology group Gambro received an important boost yesterday when the Gambro board officially backed the offer. which valued the target company at more than SKr18bn (\$2.63bn).

Incentive, already Gambro's biggest shareholder, bid SKr155 a share earlier this month for the majority of the stock it did not hold, as part of a strategic move to make medical

technology its main business. The bid represented a premium of more than 32 per cent over the average Gambro share price in the six weeks running up to the offer, After advice from UBS Securities, the board said It judged the premium to be "adequate" and recommended shareholders to accept Incentive's offer. It added that a deal between Incentive and Gambro's other main shareholder, which led to Incentive holding more than 70 per cent of Gambro's voting rights, meant a competing offer was unlikely. The bid expires at the end of February. Hugh Carnegy, Stockholm



Comilog has an open pit mine near Franceville in south-

level

a manganesa dioxide plant. clay operations and a spent catalyst recovery plant. If all goes well with the due diligence exercise, Eramet will pay for its Comilog stake from

its own resources. Mr Rambaud says the Gabon mine will not require any large investment, but Comilog needs to reduce its debt. This stands

at abont FFr1.45bn, and the clay business and other non-core operations will probably be sold. We have potential buyers for these non-core businesses but it is too early to say

what they are worth," he Mr Larry Kaplan, analyst at stockbroker Ord Minnett, says: "On the face of it, the Comilog manganese acquisition appears to be a good deal for Eramet." He suggests that, because of Comilog's debts, he would be surprised to see the company consolidated at Eramet group

increase in underlying profits would have been 49 per cent above 1994 net income of FFr2.7bn, before the effect of sales of businesses.

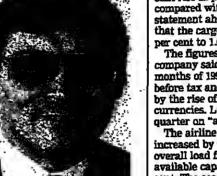
Jean-Louis Beffa: chairman of building materials group reduction in financing charges to FFr610m from FFr1.3bn, and countries were positive.

In an unusual statement from a French company, Saint-Gobain stressed that its results

The group said its total net debt remained "low" at were compiled in accordance with International Accounting Standards, with the exception of a rule on depreciation which it used to comply with require-

However, it said FFr9.2bn ments from the Commission des Opérations de Bourse, the market regulator. • Union des Assurances de Paris, France's largest insurance group, said yesterday its consolidated revenue for 1995

Sales in France accounted was provisionally estimated to have risen by 3.6 per cent onthe 1994 figure, to FFr157bn, AP-DJ reports from Paris. UAP said the increase took



Comllog along with Belgium mining and metals management control and the right to appoint the chief executive.

Belgium mining and metals group, and went heavily into debt to pay for these assets. ganese dioxide plant and a Mr Rambaud says of this ferro-alloys plant in Belgium; No price for such a stake has purchase: "The strategy was and assets in the US, including

Bristol-Myers Squibb Company

Cash Offer

for

Pharmavit Gyógyszer-és Élelmiszeripari Részvénytársaság

(registered under the laws of the Republic of Hungary)

Bristol-Myers Squibb Holdings Limited, a wholly-owned subsidiary of Bristol-Myers Squibb Company, hereby

gives notice that its offer to purchase all of the shares of Pharmavit, par value HUF 100 ("Pharmavit Shares"),

including all Pharmavit Shares represented by Global Depositary Shares ("Pharmavit GDSs"), formally

Says.

"And we would not expect to ses much in the way of Comilog dividend flow through to Eramet before 1997," he

into account for the first time UAP's acquisition of Provincial pean countries, and 31 per cent in countries outside Europe. It said Latin America had from January 1 1995, as well as shown a drop in profitability, a change in accounting methbut France and other European ods at its Scor unit.

**Spanish TV head** 

hints at flotation

paper and magazine publishing

Mr Asensio said the financial

restructuring would allow the

television company to expand.

particularly in South America,

where the company already

intent with Multivision, the

cable television operator, and

with Television Azteca to pro-

duce television programmes. In

Argentina it bopes to run a

newly privatised television

channel with local partners. Antena 8 is also involved in

the nascent cable television

industry in Spain, and is

already broadcasting five

Mr Asensio says he wants

the company to be involved in offering cable telecommunica-

tions services in Spain. Under a European Union directive,

this must be made possible by

The Antena 3 chairman has

decided against investing in

either of the two consortia

planning to Isunch competing digital satellite television

long-term return," said Mr Asensio. He said he would pre-

fer to invest programme pro-

expertise rather than cash in

South America.

services in Latin America. "It's going to be a long, costly battle and a very

themed cable channels.

manages a channel in Peru. In Mexico, the company has already signed a letter of

#### AssiDomän in US deal Insurance of the UK, effective AssiDoman, the Swedish forestry group, and Temple-Inland of

the US yesterday announced a rare transatlantic alliance to pool marketing information and co-operate in research in corrugated packaging materials, a core product area for both groups. The companies have a combined annual corrugated production of 3.3m tonnes and are respectively the third largest producers in the sector in Europe and the US. The alliance - which does not involve financial commitments - is between AssiDomán's packaging division and Inland Container, a Temple-Inland subsidiary. The deal, the first of its kind for the two producers, will enable Assi and Inland to serve the growing international need of their customers in the packaging industry. Hugh Cornegy

### E. Merck predicts growth

E. Merck, the German chemical and pharmaceutical group, expects its group profit for 1995 to show a "significant rise" from the previous year. The company did not release a specific figure. Merck, which floated shares in October, said its 1994 group net profit was DM257m (\$173.6m).

The group's 1995 group worldwide sales rose 10.8 per cent to DM6.27bn from DM5.66bn a year earlier. Merck said 1995 sales in its pharmaceuticals area grew 14 per cent from a year ago. Sales in the laboratory area were up 16 per cent, largely because of the first-time inclusion of new units, the company said, calling developments in the sector "positive." However, sales in Merck's special chemicals unit "stagnated because of varying developments in separate business areas".

AP-DJ, Darmstadt Ferruzzi Finanziaria (Ferfin), the Italian holding company, said yesterday thet 71 per cent of its L953hn (\$599m) rights issue had been taken up in the market. The outcome will satisfy Mediobanca, the Milan merchant bank, which pushed satisfy memorance, the minim merchant terms, which pushed the capital increase through in defiance of holders of 20.5 per cent of the capital, led by the banking group San Paolo di Torino. Rights not purchased will be traded on the market between February 5 and February 9. Mediobance also launched its obligatory offer for 158m shares in Ferfin yesterday. The offer will run until March 14.

Mediobanca is expected eventually to hold about 15 per cent of John Simkins, Milan

the equity. John Simkins, Mil GEA, the German process technology group, has bought Barr & Murphy, the UK based specialist dryer manufacturer, which is to be merged with Rosin Engineering, GEA's existing UK operation. No price was disclosed. Barr & Murphy, which has operations in Canada, recorded sales last year of around DM30m. It claims to be the world leader in the manufacture of starch industry dryers. GEA, which faces strong competition from the APV, the UK-based group, and Alfa Laval of Sweden, said it hoped the new operation would become the leader in the flash dryer market

GEA is expected to report 1995 sales of about DM4.2bn (\$2.84hn) and hopes to see "double-digit growth" on its 1994 net profits of DM99m Michael Lindemann, Bonn

The cash offer for Pharmavit Shares and Pharmavit GDSs is on the following basis: US\$ 62.35 in cash US\$ 12.47 in cash (representing one fifth of a Pharmavit Share)

As set out in the offer document dated 19 December 1995, Bristol-Myers Squibb intends to apply to the Budapest Stock Exchange for the withdrawal of Pharmavit Shares from trading. In order to comply with proposed new regulations governing withdrawal of shares from trading (expected to be published by the Budapest Stock Exchange shortly), Bristol-Myers Squibb's cash offer for Pharmavit Shares and Pharmavit GDSs has been extended and will now be open for acceptance until 16:00 (Budapest time), 15:00 (London time), 10:00 (New York time) on 16 February 1996, unless further extended.

Save as amended by this notice, the terms and conditions of the extended offer remain as set out in the offer document dated 19 December 1995.

The Board of Directors of Pharmavit has approved the publication of this notice.

announced on 14 December 1995, has been extended until 16 February 1996.

For each Pharmavit Share

For each Pharmavit GDS

If you are in any doubt as to what action you should take, you should contact one of the following:

Financial adviser to	Financial adviser to	Receiving Agent for
Bristol-Myers Squibb and	Bristol-Myers Squibb	Pharmavit GDSs
International Broker	and Receiving Agent for	
to the offer	Pharmavit Shares	
Schroders	Creditanstalt Securities	The Bank of New York
120 Cheapside	Nagysándor József utca 10	46 Berkeley Street
London EC2V 6DS	1054 Budapest	London W1X 6AA
Tel: +44 171 382 6000	Tel: +36 1 269 0711	Tel: +44 171 322 6338
and		and
		Tender and Exchange Dept.
787 7th Avenue		<b>101 Barclay Street</b>
New York		New York
New York 10019		New York 10286
Tel: +1 212 492 6000		Tel: +1 800 507 9357

The contents of this announcement, for which Bristol-Myers Squibb Company and Bristol-Myers Squibb Holdings Limited are responsible, have been approved by J. Henry Schroder & Co. Limited, which is regulated by the Securities and Futures Authority Limited in the United Kingdom, for the purposes of Section 57 of the Financial Services Act 1986.

Hungary to sell stake in chemicals concern

#### By Virginia Marsh in Budapest

Hungary is to float and sell off a majority stake in Borsodchem, its second largest chemical company, to institutional investors, including the European Bank for Reconstruction and Development

APV Rt, the state privatisation agency, aims to reduce its stake in the company from around 88 per cent to less than 30 per cent. Part of the stake will be sold also be domestic and employee

vate placement over the next two weeks, it was announced yesterday. West Merchant Bank, the investment banking arm of Germany's WestLB, and **HSBC** Investment Bank, part of Hongkong and Shanghai Banking Corporation, are joint global co-ordinators.

The price range for the offering - which is expected to be one of Hungary's largest this year - has been set at between Ft1.400 and Ft1.800. There will

through an international pri- offerings and a capital increase. The total value of the offering is estimated at between \$50m and \$60m, with proceeds to the company, which is also selling off some of its own shares, of \$28m-

\$36m. The company produces PVC and MDL a polymer used in the construction Industry. Yesterday it reported unaudited net income of Ft5.27bn (\$37.6m) on sales of Ft29.2bn in the first nine months of last vear.

Although highly profitable, some analysis have raised concerns over the company's envi-ronmental liability and structural problems.

However, the offering coincides with an upturn in investor confidence in Hungary's commitment to reform, following a spate of large privatisation deals late last year and an improving economic outlook.

The Budapest atock exchange soared 64 points yesterday to close at 1,870.

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(radia)

### INTERNATIONAL COMPANIES AND FINANCE

# NAB ahead 11.8% but warns on future growth

By Nikki Tait in Sydney

National Australia Bank the largest of the country's nationwide banks, yesterday warned that slowing economic conditions in the three geographics areas where it operates could peg the institution's future profits growth. The bank unveiled an 11.8

per cent increase in profit after tax to A\$513m (US\$378m) for the first quarter of the year, to end-December. Earnings per share were 7.5 per cent higher at 35.9 cents.

But Mr Don Argus, managing director, said economic activity was slowing in all areas where the bank was active - Australia, the UK and, since last year, the US - and that competition was intensifying as demand for credit fell. He said that the bank expected some improvement in the business cycle in the second half of 1996, but "conditions will generally be tough for most of the

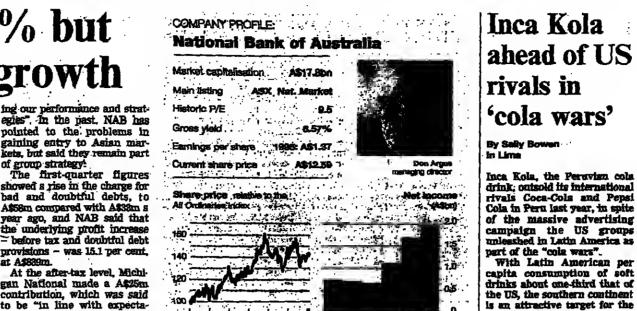
"Banks are only the messenof group strategy. The first-quarter figures showed a rise in the charge for gers for the economy. If your economy slows, then obviously our opportunities slow," he said At the company's annual

A\$58m compared with A\$33m s year ago, and NAB said that the underlying profit increase — before tax and doubtful debt meeting, meanwhile, Mr Bill Irvine, chairman, emphasised the bank's continued interest; in expanding its operations into the south of England. "We do have expansion thoughts in provisions - was 15.1 per cent, at A\$839m. At the after-tax level, Michimind, particularly in the south

gan National made a A\$25m contribution, which was said to be "in line with expectaof England where we are not strongly represented, and in part of the US where we may be able to use Michigan as a Net operating profit from the Australian region was up by 3.6 per cent, to A\$343m, but the

stepping-off point," he said. NAB scquired Michigan UK and Irish banking interests saw a 18.2 per cent fall from . National, its first US purchase, As far as the Asla-Pacific region was concerned; the bank was "continually review-

A\$91m to A\$79m. NAB said this reflected an increase in bad and doubtful debt charges



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posted a 15.3 per cent rise in profits, to A\$1.97bn. driven by the worsening eco-nomic climate and more stric-The bank's shares closed 11 gent provisioning within its Yorkshire bank unit. cents higher at A\$12.59 on the In the last full year, NAB Australian stock exchange.

market share from 20 per cent to about 35 per cent by 1998. But in Peru. Inca Kola is But in Peru, Inca Kola is holding the giants at bay. J.R. Lindley, the Peruvian company which invented the nation's favourite soft drink, has just celebrated 85 years of existence. Founded in 1910 by

Latin America accounts for about a quarter of Coca-Cola sales worldwide, second only

to the US; and Pepsi aims to increase lts continental

northern bottlers.

Joseph Robinson Lindley, it remains a family company. However, Mr Johnny Lind-ley, grandson of the founder, is presiding over large expansion moves. The company will invest some \$17.5m in the next couple of years - \$10m on con-struction of a plant for non-returnable plastic bottles south of Lima, the remainder on modernisation of its Rimac bottling plant. The outlook for the Peruvian

soft drinks market is bright, according to Mr Lindley. After seven years of depressed demand (Peruvians cut down sharply on soft drinks -although not on beer - when incomes are squeezed), 1995 saw record sales for Inca Kola of about \$110m: that compares with \$43m in 1993 and \$82m in 1994. 1995 group profits will be about \$12m.

However, Peru's national soft drink has always been manufactured from imported essential oils. Coca-Cola's "secret" ingredient, mean-while, has traditionally been extract of coca leaf, purchased from Enaco, Peru's state marketing entity for the small

# **NEWS DIGEST** Dow Chemical up despite flat sales

Dow Chemical, the US chemical producer, reported that sales had slowed in the fourth quarter, with operating income up 28 per cent to \$663m on unchanged sales of \$4,6bn. In the third duarter, sales were up 16 per cent. However, like its rival chemical company Du Pont earlier

this week, Dow said prices had begun to stabilise by the year-end, having weakened due to inventory build up from the mid-year. Dow said it expected another good year in 1996. Earnings per share for the quarter were \$1.63, up 41 per cent before extraordinary items. For the full year, earnings were \$3.27 per share before special items, a rise of 152 per cent.

In the final quarter, the chemicals and performance products division increased its operating income by 40 per cent to \$285m, with higher prices for caustic soda, propylane gived and ethylane gived. The plastics division raised profits by 14 per cent to \$476m. The energy division made a loss of \$24m, due mainly to the expiry of two large supply contracts in Texas the previous year. Agricultural chemicals saw a rise Tony Jackson, New York in volume of 10 per cent.

#### Canada's BCE slides 33%

Problems at its main telecommunications unit reduced 1995 earnings st BCE, Canada's international telecommunications group, to C\$782m (US\$571m), or C\$2.23 a share, down 33 per cent from C\$1.2bn, or C\$3.52, in 1994, although total revenue rose 13 per cent to C\$24.6bn from C\$21.7bn.

Bell Canada, the group's largest subsidiary, contributed profits of \$502m, down from \$721m, Bell Canada met stiff competition in the long distance market and only recently won an increase in regulated local rates. The company is also restructuring to reduce costs.

BCE's fourth-quarter profit was C\$289m, or 86 cents a share, down from C\$318m, or 95 cents, on revenue of C\$7.4hn, against C\$6.2bn. The 1995 contributions from Northern Telecom BCE's 52 per cent owned equipment manufacturer, and BCE Mobile, the cellular unit, were higher.

Robert Gibbens, Montrea

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#### Sony and Sanyo in LCD link

Sony and Sanyo are joining forces in the production of liquid crystal display panels, highlighting moves to share the burden of investing in LCD panel production amid growing competition. The tie-up between the Japanese companies also reflects an attempt by the two companies to catch up in a momenting area where both have leaved behind other promising area where both have lagged behind other companies, such as Sharp. Sony and Sanyo will pool their research and development resources to develop and produce low-temperature polysilicon thin-film transistor LCD panels, which will be significantly cheaper to produce than the current high-temperature product. Michigo Nakamoto, Tokyo

#### Newcrest Mining tumbles

Newcrest Mining, the Australian goldminer, announced a sharply-reduced profit after tax of A\$12m (US\$8.84m) for the six months to end December, down from A\$26.6m in the same period a year earlier. Earnings in the December quarter were lepressed, mainly because of lower gold production at the Boddington mine in Western Australia, and the company warned that "operating earnings will be under pressure in the second half of this financial year as the company focuses on new projects which will underwrite profits growth over the longer term". Nikki Tait, Sydney

### **Reverse at Highlands Gold**

# Fairfax plans indexed bond to fund print plant

ing our performance and strat-

egies". In the past, NAB has

pointed to the problems in

gaining entry to Asian mar-kets, but said they remain part

#### By Nikki Tait

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John Fairfax, the Australian newspapsr publisher, yesterday unveiled plans to fund its new Chullora printing plant, in Sydney's western suburbs, through an innovative A\$105m (US\$71m) indexed bond issue. The indexed bond market in

Australia has recently been widening in scope - for example, by moving from the original government issues to

funding. However, this is thought to be the first time that a corporate borrower has used the market to fund a specific The Fairfax issue takes the form of 20-year annuities

last year.

pegged to the consumer price index, maturing in 2015. The bonds will split into two classes: the class A bonds,

which will be rated AAAr by Standard & Poor's as the result

investor market for long-dated corporate CPI exposure has not yet developed sufficiently" and the class B bonds depended solely on Fairfax's credit. Mr Peter Delaney, managing

director of Oxley Corporate Finance, which is handling the

internet in the second second

issue along with Bankers Trust Australia, acknowledged that operating in the second half of 1995. Earlier this week, Mr Bob the issue would "stretch" Mansfield, the new managing Australia's indexed bond director of the group, reassured investors about problems associated with moving market. But hs added that local institutions wers becoming more pro-active, and operations there, saying that receptive to less conventional stress on the plant by a large offerings. The issue will be priced at a Saturday edition of the Sydney Morning Herald had been

yield equivalent to 30-85 basis responsible for some delayed points over the Commonwealth deliveries. Government's 2010 capital Fairfax shares closed 8 cents higher at A\$2.91 on the Austra-

indexed bond. The Chullora plant began lian stock exchange yesterday.

Japanese brewers are feeling the draught Competition at home has given Demand goes flat THE REPORT OF Committee (Clo Ross of

ma when a plant of the state

companies the taste for overseas expansion, says Emiko Terazono

fter swamping the grew only 4.3 per cent last world with electronic year, and Moody's expects the world with electronic gadgets and cars, will Japan now flood it with beer? The country's leading beer companies bope so. Faced with increasing pressure in the domestic market, they are ping up their overseas

annual growth rate of beer demand in Japan to remain at around 1 to 2 per cent over the next few years. Slower demand is partly

caused by changing demographics, as the baby boomer

private sector infrastructure of credit enhancement by AIDC, the finance house, and the class B bonds, which will be unrated. The advisers to the issue said they expected to issus mainly class A bonds, as "the

Their ambitions are global. They include Europe, where Sapporo Breweries expects to triple beer sales this year following the start of a joint venture with UK brewer Guinness to manufacture its brew

locally. In China, Asahi Breweries is acquiring two local producers, making it the country's largest brewer with a 3.7 per cent market share. Asahi expects to start manufacturing its mainstay "dry" beer there this year. This aggressive international expansion has been prompted by increased competition in a maturing domestic market. In the past, beer companies could afford to neglect overseas markets as the Japanese market, with its closed distribution network and steady demand growth, offered solid profits. However, margins are being squeezed due to slower growth, increasingly sophisticated consumer tastes, intensifying competitioo, and deregulation of the distribution system.

"The beer companies face an increasingly tough environment," says Ms Emi Uejl. industry analyst at Moody's Investors Service, the international credit rating agency. The Japanese beer market, the world's fourth largest,

consumers, matures Alcohol-consumption is heaviest among consumers between the ages of 30 and 45, but ths market is expected to shrink as the baby boomer generation ages. iversifying tastes among consumers are also eroding demand.

More Japanese consumers are drinking wine and other alcoholic beverages. A recent hit among young drinkers, especially women, has been ready-made alcoholic cocktails in cans.

This growing trend is forcing brewers to broaden the number of brands, reducing their economies of scale.

Brewers' margins have also been hit by a change in the retail lsw which increased imports and triggered widespread discounting of the domestic brews. In 1989, the envernment opened the alcoholic beverage market to large superstores, allowing retailers with floor space of more than . 10,000 square metres to sell such products. possible.

Since then, consumers have increasingly bought beer in supermarkets. This has eroded brand loyalty, because previously distributors supplied the

1964 195 196 18 18 199 90 197 192 A 19 AV same brand of beer by home delivery. Discounting has also been supermarket chains, using their bulk purchasing power, have forged links with overencouraged by the loosening of seas beer manufacturers to market their own beer. ties between brewers and distributors, prompted by the Last year, beer imports rose enforcement of the anti-monop-'20 per cent to \$298m, and oly law by the country's Fair Trade Commission, the antiincreased 177 per cent in volune terms. Such growth is set trust watchdog. In the past, to continue. "We expect [1994's] imports' manufacturers fixed retail 4.8 per cent share to rise to prices by threatening to stop

n (1997) (1997) National (1997) (1997) National (1997) (1997)

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he Japanese groups have responded by

cutting costs, expanding

supplies to retailers if they failed to apply the "suggested retail price", or to distributors if they sold their products to about 7 or 8 per cent in 1996." says Ms Patricia Horvath at UBS Securities. discounters. This is no longer Finally, Japanese brewers

have faced an onslaught of. their product line-up and globalising their operations. The most effective measure imported beer encouraged by the yen's appreciation. Aside from imported beer by leading would be to cut production, US and European makers, sales and promotion costs,

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tief mor incare 10.98. store? and incare interior 

> but there are limits. On the production side, the government bas unofficial guidelines that insist on using expensive domestic malt. Cost cutting by reducing personnel is virtually impossible m Janan.

Moreover, the browers' international expansion will not immediately boost earnings. While beneficial in the long term due to the significant. growth potential - especially in south-east Asia and China industry analysts point out that the costs of setting up plant and distribution networks will be burdensome, at

east initially. "Aggressive globalisation possesses risks on the medium term," says Ms Ueji st Moody's. look at possibilities."

COCa.

Inca Kola is already being bottled under licence in Boundor, Bolivia and the US (in Florida, California, New York and New Jersey, which have large Peruvian

communities). At home, J.R. Lindley is developing a ready bottled rum cola drink with 11 per cent alcohol content. It is also about to launch a diet version of Inca Kola.

J.R. Lindley's non-voting shares have been among the best recent performers on the Lima stock exchange? From the 1 new sol issue price in 1993, they climbed on 1994 results to more than 5 new sol before falling back, in line with the general index, to

today's 3.65 new sol. Given its recent performance, J.R. Lindley has attracted interest from outsiders looking to acquire either a formal stake or to introduce the rather old-fashioned company to the international capital markets. "We'd like to keep going as an independent family business," says Mr Lindley. "Of course, If we need financing in excess of what the local market can provide, we'll

which is controlled by Australia's MIM, said that net profits fell to K1.29m (\$963,000) in the first half, compared with just over K4m in the same period a year ago. The company said the weaker result reflected higher costs at the Porgera goldmine and increased depreciation and exploration expenditures, partly offset by higher revenues, higher US dollar gold prices and the benefit of a devalued kina. Nikki Tail

#### Amcor completes US buv

Amcor, the Australian paper and packaging group, yesterday continued its US expansion, announcing that it had acquired Anie Paper, a Chicago based distribution company. If distributes corrugated fibre boxes and industrial packaging products into the Chicago market, and has annual sales of Nikki Tait about A\$40m. No price was disclosed.

### Westfield Trust ahead

Westfield Trust, the Australian property developer, announced an 18.3 per cent increase in after-tax profits for the year to end-December, to A\$187.6m (US\$138.2m). The company, which specialises in shopping centre developments, said total assets were up 14.3 per cent, to A\$30n. It said it expected first-half profits in the current year to be above those in the same Nikki Tait period of 1995.

#### Kiwi Travel plans float

No-frills carrier Kiwi Travel International Airlines said it planned to go public in September this year and was considering a listing on the New Zealand Stock Exchange. Mr Ewan Wilson, 29-year-old chief executive of the company, expected Kiwi to increase staff to 300 by July 1997, from 115 st present and just eight a year ago. It has developed from one off charters to 14 scheduled flights a week to Australian cities from Hamilton and Dunedin. in the south.

Reuter, Wellington

#### Final maturity of the warrants from the 21/2 % Deutsche Mark Bonds with Warrants attached of 1986/1996, issued by Wella International Finance B.V., Amsterdam, the Netherlands, and unconditionally and irrevocably guaranteed by Wella AG, Darmstadt, Germany

Pursuant to the Conditioos of Warrants; the subscription rights conferred by the abovementioned warrants may be exercised until March 18, 1996, inclusive. The warrants will be invalid after March 18, 1996.

Warrantholders may, until the subscriptioo period ends at March 18, 1996, exercise their subscription rights for Wella AG nonvoting preference shares pursuant to the Conditions of Warrants. The subscription price is DM 695 per preference share of par value DM 50. The preference shares are entitled to the full dividend for the current financial year 1996.

To exercise subscription rights, the warrantholder must file with Deutsche Bank AG, Frankfurt am Main (as warrant agent), through a receiving agent, written notice of exercise on a form available from the receiving agents. The notice of exercise is binding.

When notice of exercise is filed, the subscription price must be paid and the warrant presented with all receipts attached. Notice of

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WELLA exercise is effective only if the subscription price and the warrant have been received by Deutsche Bank AG, Frankfurt am Main, by

Monday, March 18, 1996 at the latest. Warrantholders wishing to exercise their subscription rights are requested to contact their depositary banks, from which the necessary forms may also be obtained, as soon as possible. For legal reasons, notice of exercise received after the above-mentioned date cannot be accepted.

In accordance with stock exchange practice, the warrants will be traded and officially quoted on the Frankfurt Stock Exchange for the last time on March 11, 1996.

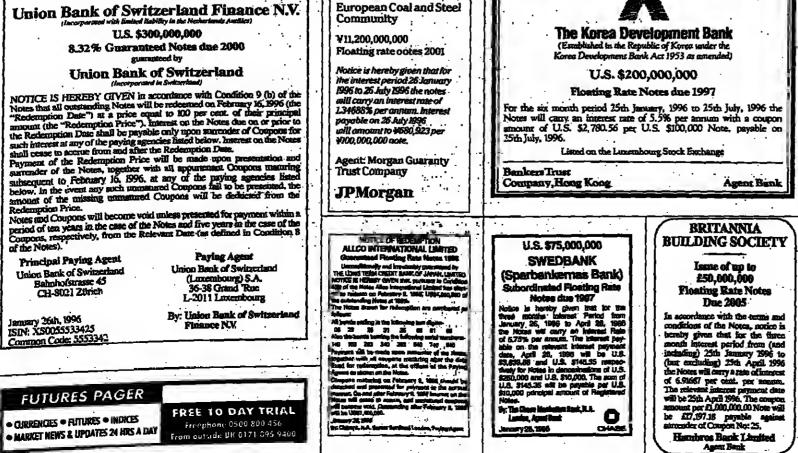
The Deutsche Mark bonds from the abovementioned issue will mature on March 18, 1996 and will be repaid at par.

Dannstadt, January 1996

Wella AG

The Board of Managing Directors

Wells AG . Investor Relations . Berliner Allee 65 . D-64274 Dannstadt



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period of ten years in the case of the Notes and five years in the case of the Comports, respectively, from the Relevant Date (as defined in Condition 8 of the Notes).

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NOTICE OF EARLY REDEMPTION

**Principal Paying Agent** Union Bank of Switzerland Bahnhofstrasse 45 CH-8021 Zürich

January 26th, 1996 ISIN: XS0055533425

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#### INTERNATIONAL COMPANIES AND FINANCE

#### AMERICAS NEWS DIGEST

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# Hasbro shares up as Mattel bid snubbed

Shares in US toymaker Hasbro rose almost 40 per cent in early trading yesterday, after the company rejected a \$5.2bn takeover bid from rival Mattel. Hasbro was up \$12% at \$42% while Mattel, manufacturer of the Barbie doll, was down \$1/2 at \$31%

Hasbro's board rejected the offer - of 1.67 shares in the merged company for every Hasbro share - because of concerns that the deal would not be approved by anti-trust authorities. Mattel said yesterday It had had anti-trust lawyers working on the proposal for months and was convinced the merger would clear anti-trust hurdles. Analysts said the merger would create a company with estimated 1996 sales of \$7.3bn and a 30 per cent share of the \$13bn US toy market. AFX. New York

#### **Coca-Cola result fails to impress**

Coca-Cola, maker of the soft drink, increased annual earnings by 20 per cent in 1995. Mr Roberto Goizueta, chairman and chief executive, said: "This was a strong year all round...with record earnings, record case sales volumes,

record market share and an outstanding total return of 46 per cent for our share owners."

However, the shares fell \$1% in morning trading to \$73%, as the market has come to expect Coca-Cola to beat predictions. In the fourth quarter, sales rose 8 per cent to \$4.33bn, and operating income was 9 per cent higher at \$949m. Net income was 14 per cent ahead at \$648m, with earnings per share np 18 per cent to 52 cents, reflecting e 2 per cent reduction in the number of shares in issue. During 1995 the group bought back 29m shares et an average \$61.

For the full year, revenues rose 11 per cent to \$18bn and operating profits by 10 per cent to \$4.09bn. Net income was up from \$2.55bn to \$2.99bn, and earnings per share from \$1.98 to \$2.37. Maggie Urry, New York

#### P&G ahead 11% in second term

Volume gains and cost control helped Procter & Gamble, the consumer goods group, increase second-quarter earnings per share 11 per cent from \$1.06 to \$1.18. However, the shares fell \$3 to \$55%, more than giving up Wednesday's \$2% gain from news of the approval of P&G's olestra, a calorie-free fat product, in the three months to December 31, net income rose 11 per cent, from \$750m to \$836m. Mr John Pepper, chairman and chief executive, said the results reflected "solid growth". Maggie Urry

### MCI buys satellite TV slot

MCI Communications, the long-distance phone company, moved into television yesterday, paying \$632.5m at a government auction for a satellite-television slot that can blanket the US with TV signals. The carrier – which is aligned with Mr Rupert Murdoch's News Corp - outbid Tele-Communications Inc, the nation's largest cable-TV operator, and EchoStar Communications, a small Colorado provider of satellite-TV entertainment. The price paid at the Federal Communications Commission auction was at the high end of expectations. Abont 1.2m households receive direct broadcast satellite (DBS), a fast-growing service that also can transmit voice and data signals. It competes with cable TV. Reuter, Washington

#### Schering-Plough pleases market

Shares in Schering-Plough rose \$1% to \$59% yesterday morning as the US pharmaceuticals group beat market expectations with a 17 per cent rise in net income in the latest quarter. The company's results came on the back of an 11 per cent increase in sales to \$1.29bin. The growth was driven by a 14 per cent increase in pharmaceutical sales, based on the respiratory drug Claritin and a range of anti-infective and anti-cancer products.

After-tax profits for the quarter were \$239m, or 66 cents a share. For 1995 as e whole, net income slipped 4 per cent to \$887m, or \$2.40 a share, as the company reported losses of \$165m on a disposal. Sales in 1995 reached \$5.1bn, a rise of 13 Richard Waters, New York per cent

#### AT&T rises 12% before break-up charges Damages award puts By Tony Jackson Loewen in in New York AT&T, the US long-distance jeopardy

phone company, produced a 12 per cent rise in net income to \$5.5bn in the last full year By Bernard Simon In Toronto before its impending break-up. However, extraordinary charges associated with tha

Loewen Group, one of North America's biggest funeral break-np. as previously announced, pulled earnings bome operators, has warned that its own life has been put down to \$139m for the year, or in jeopardy by the fall-out a loss of \$2.7bn for the final from big civil damages awarded last autumn by a Misquarter.

Mr Robert Allen, chairman, said: "Short-term profitability Loewen'e shares lost almost is Important, but long-term a third of their value in early growth and financial strength are essential." trading on the Toronto stock exchange vesterday after the

Fourth-quarter earnings before charges were also up 12 per cent at \$1.5bn, or 94 cents e Vanconver-based company warned that it may be forced to file for bankrupicy protec-tion. The ehares etood at share, slightly less than the market expected. The volume of long-distance C\$23.13 at midday, less than

half last year's record C\$56. calls in the quarter was up 8.3 The warning followed a ruling by the Mississippi supreme

By Richard Waters

three months of the year,

reversing the earnings growth notable in earlier quarters.

Along with other steel-

makers, however, the US's big-gest producer indicated that

orders had been strong in

recent weeks, suggesting that a

recently announced price rise

have reflected this new wave

Some observers have attri-

buted the profits increase to a

rise in passenger numbers, fed by growth in the US economy. But this is only part of the

story: according to the Air

Transport Association, passen-ger numbers rose by less than

4 per cent last year, from 528m

More important was the air-

lines' efforts to stabilise, and in

many cases reduce, capacity,

Combined with the rise in pas-

senger numbers, this resulted

in fewer empty aircraft seats,

in New York

should hold.

in New York

of prosperity.

to 548m.

By Richard Tomking

sissippi jury.

court that requires Loewen to post a bond of US\$625m if it

wants to appeal last Novem-

ber'e \$500m damages eward.

Loewen had offered to post e

\$125m bond, bnt Mississippi

law requires a surety bond

equal to 125 per cent of the

Loewen has expanded its revenues more than tenfoid

since the late 1980s by buying

small family-owned funeral

businesses across the US and

Canada. The company operates

814 funeral homes and 179

Its current problems stem

from an acquisition six years

ago in Jackson, Mississippi.

Shortly after the deal was con-

cluded. Loewen was sued for

breach of contract by Mr Jere-

miah O'Keefe, a prominent local businessman and civic

leader who operated a rival

funeral services and insurance group. Mr O'Keefe alleged the

Loewen company had reneged on an agreement to sell his

Mr O'Keefe later broadened

his claim to include antitrust,

frand and other allegations.

During last year's seven-week

trial, Mr O'Keefe was held up

as a local hero fighting for his

By contrast, Loewen was

portrayed as a greedy foreign

company seeking to exploit

family businesses in one of the

poorest US states. The jury awarded Mr O'Keefe \$100m in

compensation and \$400m in

punitive damages. Loewen

said it was optimistic that

these amounts would at least

Under this week's court rul-

ing, the plaintiffs would be able to attach Loewen assets if

the company cannot raise the

bond by January 31. Further-

more, obligations related to

the bond could trigger defaults

be reduced on appeal.

family and livelihood.

group'e insurance policies.

original judgment.

cemeteries.

per cent, helped by growth in business calls from outside the US. The company said its volume

growth was "st or near" growth for the domestic market overall. Sales of telephone network equipment rose 23 per cent in

the quarter to \$4.1bn. This was due to a strong rebound in sales to the local Baby Bell phone compa

Previously, AT&T had said a central reason for splitting its equipment business from phone services was reluctance by the Bell companies to buy from a potential competitor, given the approaching deregu-lation of tha US telecoms industry.

In wireless services, the number of subscribers rose 37 per cent in the quarter to 5.5m. Wireless revenues rose 26 per cent to \$792m.

The second second Robert Allen: long-term growth and financial strength essential

The equipment business saw growth in demand for cordless phones. However, this was partly offset by a drop in selea of corded phones \$1.3hn, and by 8 per cent for the year to \$4.7bn. This was largely due to the halting of manufacture of personal computers, part of a restructuring undertaken in the third quarter.

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FINANCIAL TIMES ... FRIDAY JANUARY 26 1996.

NCR made an operating loss of \$79m in the quarter, com-pared with a profit of \$45m the year before. Operating losses for the year, excluding restructuring charges of \$1.6bn in the third quarter, were \$580m, compared with e profit of \$2m in 1994. AT&T said the fourth quar-

ter loss, smaller than in the quarters immediately before, had been helped by better product margins and lower overheeds due to restructuring. the

For the full year, revenues rose 8 per cent to \$79.6bn. AT&T's shares fell \$1% to \$64 in early trading

and answering machines.

prices will stick."

\$39.4m.

NCR, the computer business which AT&T is also to spin off, saw its revenues collapse by 28 per cent in the quarter to

Fourth-quarter price falls hold back US Steel \$1.11 a share, partly because of one-off charges of \$26m. For the full year, the company recorded net income of \$301m on sales of \$6.46hm, up from US Steel's operating income similar picture with fourth-uring the fourth quarter of quarter results released a week strong," Mr Earl Mason, the ago. chief financial officer, said. "I personally believe the [higher]

\$201m on sales of \$6.07bn m Mr Thomas Usher, chairman of USX, US Steel's parent, said 1994. Earnings per share rose that the company'e order book to \$3.41 from \$2.33.

Inland Steel reported fourthquarter net income of \$24.9m, or 47 cents a share, down 30 per cent and 29 per cent respec tively from e year before. Full year net income :rose 37 per cent to \$146.8m while earnings per share climbed 49 per cent to \$2.69.

during the fourth quarter of 1994 slipped to about \$28 per The steady decline in steel ton of steel shipped, from \$44 a ton a year before. prices in the US during the second half of 1995 etc into the profits of US Steel in the final

decline on falling prices in the spot market for steel, as well as a less favourable product

That was in part because less-profitable exports topped 500,000 tons in the period, out of total shipments of 3m tons. Inland Steel, another of the US's leading integrated steel producers, had registered a

# US airlines begin to feel benefits of cost cuts

February to cap travel agents'

AMR, parent company of American Airlines, kicked off Last year's fourth quarter the industry's reporting season and for that matter, the full year - marked a sharp turnlast week by reporting a healthy increase in under-lying net income from from about in the fortunes of US airlines. The industry has been enjoying its most profitable \$51m to \$91m for the fourth period since the last peak in quarter. 1988, and most airlines' results

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Floores not comparable be South Start Start Start

UAL, parent company of United Airlines, the biggest US carrier, was almost alone in

increase from \$20,4m to employee ownership scheme Without them, UAL said, net profits would have shown an increase from \$67m to \$98m, e One of the biggest turnrounda came : from Continental Airlines, which 46 per cent improvement - not

produced better-than-expected fourth quarter net profits of least because of the wage savings that accompanied last year's employee buy-out. \$41m after reporting net losses . of \$523m a year earlier. Southwest Airlines, the low-cost, no-frills operator that has so often set the pace for the rest of the US airlina After coming close to filing for Chapter 11 bankroptcy last year, the airline changed course by dropping industry, suffered a hiccup in its . lossmaking, low-fare CALite its impressive growth in the operation and cutting back services to a profitable core. In the latest quarter, last quarter of 1994, but the latest quarter saw it back in more confident form with an Continental had 7,000 fewer employees and 21 fewer aircraft than a year earlier. increase in net profits from \$20m to \$43m. resulting in a big decrease in costs. Capacity was down by 15

Pinally, cynics might suggest that the best evidence of the industry's recovery was that per cent, but profitability was even USAir managed to make much greater, even allowing for the fact that the a profit - its first for the fourth quarter and tha full year since comparable period included 1988.

Fourth-quarter net profits were \$38.4m against net losses of \$342m last time, partly

高い神

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1979.

restructuring charges of \$533m before tax, largely to cover the cost of early retirement pro-grammes for flight attendants and ground staff. It also took a \$26m provision for the unin-sured costs of a crash in Colombia last month - the air-

line's first fatal accident since US AIRLINES 1005 RESULTS Full year Net accore (los

Delta Air Lines Continental Aidines

Unfortunately, the company Northwest Airlines was

for flat-rolled steel "is expected to remain strong" in the first As a result, operating profits at Inland Steel slipped to about quarter of this year, especially \$17 a ton in the final quarter, from \$36 a ton the year before. in such important areas as the automotive, appliance and con-However, the company indistruction industries. cated that it expected the dete-US Steel's after-tax profits for the quarter fell to \$61m; or rioration to be reversed in the current quarter. "Our general 67 cents a share, from \$90m, or

The sharp reduction in prices of flat-rolled steel led to The company blamed the a 6 per cent fall in sales from a year before, to \$602m, while shipments remained virtually unchanged at 1.29m tons.

#### Revamp puts CN C\$1.1bn in red

Heavy restructuring charges took the newly privatised Canedian National Rallways into a C\$1.1bn (US\$804m) loss for 1995, equal to C\$13.56 a share. The special charges totalled almost C\$1.5bn. Continuing operations excluding special items showed a profit of C\$362m or C\$4.50 a share, np from C\$263m or C\$3.29 e share in 1994.

For 1995 operating revenues were C\$4.1bn, down 4.8 per cent from 1994, mainly because of lower grain movements. CN was sold to the public in North America and Europe late last year for C\$2.2hn Robert Gibbens, Montrea.

CRUE.

US\$687m last September. Loewen said it would continne "to explore options to raise financing to support the bond" but that if its assets and operations were et risk, it might be "in the best interests of its continued operations, shareholders and creditors to place the company under bankruptcy protection".

it and e airlin bank credit lines. The compaincrease fares and reduce the ny's long-term debt totalled number of ruinous fare sales that had characterised previous years. Simultaneously, the big US airlines have been making

determined efforts to cut costs. Some have reduced employee numbers, others have succeeded in persuading employees to eccept wage and benefit cuts: and all have gained from the industry's decision last

charges, and the figures reported et the bottom back of more passenger traffic and higher fares. Its figures line showed an increase were complicated by the in net losses from \$129m to On the plus side, AMR saw a 4.1 per cent increase in the

Southwest Airlines

mileage flown by passengers, and the airline said fares had been more stable than they had been for e considerable time

But the company took

eccounting effects of an employee stock ownership schema, but the company said that setting this aside, its net income would have shot up from \$48.2m to \$116.3m in the fourth quarter, excluding a \$49.9m property gain. The actual figure reported was a more modest

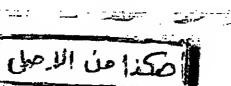
producing figures that withdrawal from the battle for disappointed the market. After market share on the east coast. preference dividends, it Yet as USAir itself acknowledged, it still has big problems. reported fourth-quarter net It has the highest labour costs losses of \$81m, up from net losses of \$12m last time. of any large airline in the US, As with AMR and unless Mr Stephen Wolf, and Northwest, however, the UAL picture was muddled by a its new chairman and chief series of charges for aircraft retirements, early debt repayment and the accounting

restructuring charges of \$447m.

executive, can secure a costcutting agreement with Its labour unions, the airline's outlook will look grim when effects of the company's the next downturn arrives.

NOTICE OF FULL REDEMPTION Barrick founder plans more active role overseeing the company's global expansion NOTICE OF REDEMPTION To the Holders of MORTGAGE SECURITIES (NO.3) PLC Munk takes his mining Bank of Tokyo (Curaçao) £117,000,000 Multi-Class Mortgage Backed Holding N.V. Floating Rate Notes due 2035 U.S.5200,000,000 group into a golden age Notice is hereby given that, pursuant to Condition 5(c) of the Notes, the Issuer shall redeem: 8.625 per cent. Subordinated **Guaranteed Bonds Due 2001** 23.567.00 per Class A1 Note 20.00 per Class A2 Note 20.00 per Class A3 Note NOTICE IS HEREBY GIVEN to the holders of the U.S. \$200,000,000 8.625 per cent. Subor-dinated Guaranteed Bonds due 2001 r Peter Munk, who fonnded Berrick Gold in Canada in Following Barrick's change them to invest. A whole new on the next Interest Payment Date, being January 31, 1996. era was emerging for the gold industry and the leadership of policy and a decision not to MORTGAGE SECURITIES (NO.3) PLC restrict operations to North (the "Bonds") of Bank of Tokyo Dated: January 26, 1996 1983 and has seen it grow into role played by South African companies for two generations America, the time came for (Curaçao) Holding N.V., a Nether-lands Antilles corporation estab the biggest gold producer outhim to devote more of his side South Africa, has been energy to identifying further would come to an end in 10 to lished in Curaçao (the "Company") that pursuant to Condition 6(b) of ASCOT CAPITAL LID. (Jonarri) buwa us Int-Larral Capital II, Inc 1 Jand Homes, P.O. Bos 309, George Town, Geand Caymin PTEZ.2019.01.010 Zero Coupon Notes Doc 2013 Notice of a General Meeting explaining why, et the age of growth opportunities for the 15 years. Barrick intended to the Terms and Conditions of the take np and maintain that leadership role. Barrick has 10 68, he has no intention of retir-COMDANY. "We are determined that the ing and is taking a more active Bonds, the Company has elected to The Noncholders are hereby convened to a general meeting Lumbed, London Branch, Bracken Huane, One Finlay Street, London EC4M 44A on 26 February 1996 at 10.30am to consider the following asservaentrepreneurial drive that crerole in the group. redeem, on the next Interest Payproducing mines located on ment Date falling on February 27, 1996, all of the Bonds then outstand-He quoted a long list of comated Barrick shall continue to three of the most prospective a W.Kum to counder the following agenda: . to replace the original Terms and Conditions of the Notes with the Terms and Conditions dated N gold belts in the world. panies run successfully by shape our future." ing at the principal amount thereof. elderly men who either He said Barrick previously This month's management ent of the principal amount 2 to replace the original Note Trust Indentate with a Note Trust Indentate dated 30 Not changes also involved Mr John founded them or are the bigdid not have the time to grow. of each of the Bonds will be made on gest shareholders. There was a except by acquisition and then Carrington, who joined the or after February 27, 1996 upon one 3.to replace the original Fiscal Agency Agreement with a Fiscal Agency Agreement dated 3 great deal to be said for a comdeveloping the acquired propgroup a year ago from Nor-anda, Canada's biggest natural sentation and surrender of the pany with a first-class young erties. However, in future, Bar-Bonds, together with all coupons rick's growth would come from multi-faceted activity, includmanagement team with an resources group, stepping up to appertaining thereto maturing February 27, 1996 at the prin February 27, 1996 at the principal office of The Bank of Tokyo Trust Company, 100 Broadway, New York, New York 10005 or at the older owner to superimpose become chief operating officer with responsibility for all minthe entrepreneurial drive that ing acquisitions. "We will use all growing companies needed, be said. The last thing I want The holders of Notes should notify the cleaning system through which such Notes are held of the Goldstrike's cash flow and the ing operations. This meant Mr nons at least five clear days as advance of the Bob Smith, 64, president, would wind down his responsistrength of our share price to principal office in the city indicated of any of the following Paying By: The Industrial Bank of Japan. Limited, Lowios Br. to do is retire - and it's the leverage our international last thing shareholders want." bilities before retiring. Barrick this month announced senior management Other Barrick executives Barrick set up a \$1bn credit Bank of Tokyo Connection Notice suggest one reason why Mr facility in December to help (Schweiz) AG, Zurich **CHESHIRE** changes which involved Mr finance this expansion. Munk is to play a more active The Sank of Tokyo, Ltd., Munk, chairman and chief role is so he can see if he can executive officer, assuming BUILDING SOCIETT he company would also get along as well with Mr Car-The Bank of Tokyo N.V. De Indonesische direct responsibility for the grow by exploration and development and it had rington as he doas with Mr Smith, who has been part of Incorporated in England under the Building Societies Act (486) company's expansion strategy. Making his first public com-(Loxembourg) S.A., Loxembourg **Overzeese Bank** £10,000,000 increased the budget for this the Barrick management US\$125,000,000 The Bank of Tokyo, Ltd., London Floating Rate Permanent ment on these changes while from \$15m in 1993 to \$100m this almost since the beginning. Floating Rate Notes 1997 visiting Barrick's operations in year, he said. Barrick's Goldstrike mine, on which it depends heavily, is The coupon for interest payable Interest Bearing Shares on February 27, 1996 should be de-(PIBS) Chile. Mr Munk recalled that Barrick would remain a gold The notes will bear interest at for the past five years he had stepped back e little from Bar-For the Interest Period 28th company after the strategic Peter Munk: sees a new era emerging for the gold industry ached and presented for payment surrounded by land owned and in the usual manner. 6.30625% per annum for the September, 1995 to 28th March. 1996 the PIBS will carry an Interest Rare of 9.24766% decision, in 1994, to grow intermined by Newmont Gold, the ON AND AFTER FEBRUARY 27, 1996 INTEREST ON THE period 26 January 1996 to rick while the rest of the man-US group. Newmont sued Bar-Mr Munk insisted this dis-pute did not beraid e cooling of nationally rather than by 26 April 1996. Interest payable 25 April 1996 will diversifying into other metals and minerals. The recent agement team worked to get rick in November saying it had BONDS WILL CEASE TO ACper annum. The Interes maximum results from the the previously friendly relanount to L'S\$1,568.80 per violated a three-year land-use Amount per £1,000 will be Bask of Tokyo (Curaçao) Holding N.V. large Goldstrike mine in change of name from Ameritionship between the two comagreement between the two US\$100.000 note, (45.99 pyable on the 28th Nevada, one of the biggest in can Barrick Resources to Barpanies, one that includes the companies. March, 1996. the world and which provides Agent: Morgan Guaranty Trust Company rick Gold reflected this change. Newmont claims Barrick has joint development of deposits Level on The International Stock Exchange of the United Kang Join and the Republic of Ireland Ltd. most of the group's gold Mr Munk pointed out that exceeded its right to use Newsplit by the boundary between BY: THE BANK OF the global industry was changreserves, output and cash flow. mont land for disposal of their land holdings. TOKYO TRUST COMPANY During that period Mr Munk ing fast. Countries that previ-"We have a hell of a lot more JPMorgan ankers Trust ground water from mine decourt . as Principal Paying Agent devoted more time to the Horously barred foreign companies Company, London Agent Ba in common with one another watering operations. Barrick Dated: January 26, 1996 sham cil-to-property company. were not energetically inviting than this small issue we are has counter-sued. 2

arguing about," he said. Mr Munk said technical staff from the two companies could not solve the differences and the top-level managements felt that they were not competent to make a decision, so



it was being left to the

Kenneth Gooding

ambitions.

### COMPANY NEWS: UK

Takeover speculation continues although the likely cost limits the number of possible bidders

# Standard Chartered share price falls back

# By George Graham, Banidog Correspondent

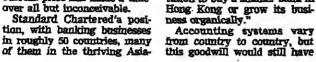
break-up

ald back LN

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Standard Chartered, the London-based international bank, saw its share price fall back yesterday after saying it knew of no reason for a sharp rise on Wednesday. The shares retreated to close

around £1.6bn, leaving an acquiring bank with roughly £4.5bn of goodwill to absorb. at 636p, giving up much of their 43p gain in late trading. Although Standard Char-Mr Peter Toeman, banking analyst at ABN-Amro Hoare Govett, said: "Rather than tered has been the object of bid speculation for months, most absorb that goodwill, it might banking analysts believe its make more sense for an insticurrent price has made a take-over all but inconceivable. tution to buy a smaller bank in



to be absorbed, either in one bits from the buyer's capital Pacific region, would be attractive to many banks with global account or over a mumber of At current prices, the bank's years through the profit and market capital is about £6.2bn, oss account.

and any takeover bid would be expected to add a premium. For a British bank, it would be the capital account which would suffer. Banks must Book value, however, is only maintain Tier 1 capital, principally equity and reserves, worth a minimum of 4 per cent of risk-weighted assets.

But in practice, a ratio of 6 per cent is necessary in order to satisfy the Bank of England's reguletors. That means, in effect, that any bank would need to have a Tier 1 ratio of more than 10 per cent to consider acquiring Standard Chartered.

Holliday

shares fall

This hurdle would eliminate

#### Standard Chartered

Share price (pence) 700 -650 : 690 550 -500 100 Å N 450 . Al 400 . 850 2 ANY ... 1995 -98

veryone but ESBC, but few bankers can see any logic in a bid by HSBC, whose operations



Malcoim Williamson, chief executive: \$6.2bp market value

overlap considerably with Standard Chartered. The goodwill problem would

**Unitech advances 45%** 

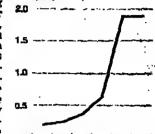
not arise if a takeover were accounted for as a merger. But Standard Chartered's management has shown no indication of openness to approaches. The roster of possible bidders mentioned to justify Standard's recent elevated share price includes large banks from virtually every region: Deutsche Bank, NatWest and Bank of America have been among the imaginative suggestions. Some brokers believe, how-

ever, that the surges in the price reflect the fact that much of the company's stock is held by a relatively small number of shareholders. In addition, fund managers have been eager for stakes since the shares joined the FTSE-100 index.

# LEX COMMENT Premium bonds

Premium bonds lack the glamour of the national lot-tery; but they are also a less Sales (Dr.) Sales (Ebn) effective way of pouring 20 .---money down the drain. For

every £1 spent on the lottery, only half is paid back in prizes. With a premium bond, by contrast, punters are certain to get their capital back; all they are gambling with is interest. The result, inevitably, is that the rewards are commensurately unexciting. At £1m, the max-imum win is well below the



17

0 1000 91 92 93 94 95 big pay-outs from the national lottery. And at 1:6bn for each £1 bond, the Source: National Savings

chances of winning it are even more pairry than the 1:14m chance of winning the lottery jackpot. But do premium bonds stack up as an investment? Some

think so - because the fund pays out 4.75 per cent, tax free, in prizes. For a higher rate taxpayer investing the £20,000 maxi-mum, this is above the best building society rate, where cash is available after a week's notice, with 3.75 per cent net. Even if they never win a prize above £1,000, holders of large num-bers of bonds should, on average, have little difficulty outperforming that.

The snag, of course, is that the point of putting money into a building society is to buy certainty. With premium bonds, where an investor could end no winning nothing at all, this certainty is lacking. And by reshaping the prize structure yesterday in favour of bigger prizes, the government has accentuated the risk of zero returns. It therefore makes more sense to compare premium bonds with equities - which means it makes little sense to buy them.

# **Government sells** last BAA holding

worth £85m.

#### By Antonia Sharpe

The government yesterday raised ebout £145m (\$223m) from the sale of its residual 2.9 per cent stake in BAA, the UK's largest airports operator. The disposal follows the sale

bour, worth about £52m. in December of the govern-Rothschild invited a limited ment's remaining 1.8 per cent shareholding in British Petronumber of banks to take part in a competitive tender early yesterday. Merrill Lynch, the international investment bank, won the mandate by bidding leum, which raised \$500m.

Both sales were organised by NM Rothschild, which has the establishment of a Furn been advising the government on the disposal of £1.2bn worth of shareboldings in 30 priva-tised companies. All the stakes are expected to be sold by March 1997. Of the 28 remaining investments, the biggest in

of 494p. Midland Bank yesterday raised £124m by selling its remaining 5.25 per cent stake in Si, the venture capital com-

491%p a share, representing a

discount of just 0.56 per cent to

Wednesday's closing bid price

worth about £109m, and a 2.29

per cent stake in PowerGen,

The biggest holding as a per-

centage of a company's share

capital is the 13.89 per cent

stake in Mersey Docks & Har-

# DIGEST **Staley shortfall** will hit Tate

Tate & Lyle, the sweeteners and starch producer, warned yesterday that profits from Staley of the US, by far its biggest earner, would fall sharply this year.

"Substantially lower margins" were expected at Staley because of the high costs of maize, its raw material, and competitive pressures, Tate told its annual meeting. Hedging of maize purchases and cost reductions would help offset the

pressures, but profits would be below those in 1994. Tate's shares ended the day 8p down at 463p as some

analysis downgraded their Staley forecasts. But most forecasts of group pre-tax profits were left unchanged at between 1900m and 1315m after Tate said results for the year to September would broadly match last time's 1311m. Roderick Orum

### Water Hall chairman ousted

In a rare show of shareholder power, a trip of brothers and their supporters have effectively ejected Mr Edward Weiss as chairman of Water Hall, the quarrying group formerly known as Starmin.

Voting by proxy prior to an extraordinary general meeting held yesterday, the three Abdullah brothers led a group of shareholders who carried the motion to oust Mr Weiss. They also passed a resolution to replace him with Mr Anthony Smith, chairman of the University of Wolverhampton. The vote followed a boardroom battle over strategy between Mr Raschid Abdullab, non-executive director and former deputy chairman, and the rest of the board. Motoko Rich

### Woolwich doubles French loans

Woolwich Building Society, the UK's third largest, said it was doubling its presence in France by ecquiring the mortgage portfobo of Midland Bank's French subsidiary. Mr John Stewart, operations director, said the acquisition would lift the due of its French home loans to about £1.5bn (\$2.3bn) It follows the 1991 deal in which the society formed Banque Woolwich by acquiring the branches and operating assets of Banque Immobilleré de Credit from Midland. Since then, it has administered Midland's French bome loans portfolio for a management fee.

helped by buoyant Japan on warning By Tim Burt By Peter Pearse Unitech, the international electronic Shares in Holliday Chemicals components and controls group, yesterday fell by more than a quarter in reported a 45 per cent increase in first half value yesterday as the specialprofits amid buoyant Japanese demand for its ity chemicals group announced that 1995 profits power supply equipment. Pre-tax profits rose from £15.8m to £22.9m

would fall below market anotations. Analysis cut their forecasts for 1996 profits from about £23m-£24m to £14m (\$21.6m).

Holfiday's warning was the latest in a series of downbeat statements from chemicals companies including Albright & Wilson, Allied Colloids, British Vita, Laporte, W Canning, and Yorkshire Chemicale They have blamed sharply

increased raw material prices, the inability to raise selling prices and softening in demand as a result of destock-

One chemicals analyst said that forecasts for half the companies in the sector have had to be revised downwards. Share price falls in the sector yesterday included British Vita - down 15p to 199p; and Yorkshire - down 22p to 282p. Holliday's warnings prompted a 45p fall in its share price to 119p. It said underlying pre-tax

An exceptional charge of £5.9m (\$9m) for restructuring its international operations hit Danka Business Systems, the acquisitive office equipment supplier, in the third quarter.

in the six months to November 30.

Most of those orders were placed with Nemic-

Lambda, Unitech's jointly-owned Japanese sub-

investment overseas.

Pre-tax profits for the three months to December 31 were exchange rates.

This contribution offset a more modest perfor-mance in Unitech's two smaller divisions. The connectors business overcame weak sales in France to raise profits but control products saw profits decline as the sluggish UK construction and property market restricted sales.

Together, the three divisions contributed operating profits of £24.8m (£18.1m). Mr Curry, however, sounded a note of caution by admitting that European sales growth had faithered in the second quarter. If that trend

Pacific gathered pace. His cautious outlook comments prompted a

sidiary, whose contribution to Unitech's pre-tax 10p fall in the shares to 499p. Earnings per share rose from 11p to 14.6p and an interim dividend of 2.98p (2.57p) is declared. profits rose 57 per cent. That belped lift profits in the power supplies division, the group's larg-

est, by 34 per cent to £19.9m at constant

pean headquarters.

# **International restructuring** charge leaves Danka lower

Mr Daniel Doyle, chief executive, said internal growth at the core copier operations in the quarter was 10 per cent. The group expects the acquisi-tion of the Netherlands-based Infotec to be neutral to earnings in the fourth quarter,

New hour

Danka, which amounced s £100m placing on Monday, yesterday said it had secured an enlarged \$400m (£260m) multicurrency revolving line of credit to repay outstanding because of investments in loans and help support its

(\$35m) as sales improved 20 per cent to £207.2m Mr Peter Curry, chairman, said the improvement had been fuelled by rising orders from Japanese manufacturers as they increased

continued, he predicted, the gap could widen between the power supplies division and its smaller siblings - especially if sales in Asia

ofits for 1995 would be £15.4m, against £19.3m in 1994. This was due to the rise in raw material prices, mostly felt during the second half. There would also be one-off costs of £3.8m.

Yorkshire believes . its

£10.2m, against £11.5m, on turnover of £213.5m (£128.7m), which included a contribution of £83.5m from acquisitions. For the nine months the pretax figure was £37.1m (£32.6m) on sales of £543m (£365m).

He believes that all the

#### ertising and training and

se in National Power. Dany

terms of valoe are a 2.22 per

intery, 1996



# MORI SEIKI CO., LTD.

# U.S.\$150,000,000

### 2<sup>1</sup>/<sub>2</sub> per cent. Notes 2000

Warrants

to subscribe for shares of common stock of Mori Seiki Co., Ltd.

Issue Price 100 per cent.

### Yamaichi International (Europe) Limited Wako International (Europe) Limited

#### Sanwa International plc

Bank of Tokyo Capital Markets Limited **CS First Boston** Deutsche Morgan Grenfell Robert Fleming & Co. Limited Kankaku (Europe) Limited J.P. Morgan Securities Ltd. Nikko Europe Plc Salomon Brothers International Limited Taiheiyo Europe Limited

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Sumitomo Finance International plc Cazenove & Co. Daiwa Europe Limited Dresdner Bank - Kleinwort Benson Goldman Sachs International Merrill Lynch International Limited New Japan Securities Europe Limited **Paribas** Capital Markets

A DIVISION OF SWISS BANK CONPORTION Tokyo Securities Co. (Europe) Ltd.

Mr Thomas identified three looming margin war between building societies is likely to hit 1996 profits, according to UBS, the stockbrokers. It said that 1995 was likely to be the last to see consistent growth in pretax profits among the largest Mr Rob Thomas, UBS societ-ies analyst, believes that

moves by some societies to enhance rates to customers at the expense of profits will force others to do likewise. The maintenance of margins

in general at levels scarcely lower than in 1994 - has been one of the main factors behind the profit growth among the larger societies for 1995. This contrasts with the diminishing importance of falling provi-sions for bad and doubtful debts in boosting profits.

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BUILDING

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83 70

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broad groups among the larger societies: those such as York-shire and Coventry, which have reported consistent yearon-year growth in pre-tax profits and so do not show spec ular rises; those which are still benefiting from sharp falls in bad debt provisions, such as Alliance & Leicester and National & Provincial; and those such as Northern Rock and Birmingham Midshires, whose performance is driven by strong asset growth. For 1996, however, it is

bad debt provisions

SOCIETIES'

975

101

79

already clear that the move towards enhancing rates for costomers will depress profits. The last time this happened across the sector was on a less voluntary basis in 1992, as lenders had to increase their

PROFIT PORECAST,

22

21 25 20

2.2 1.9 2.0 2.0

1.9

NA

+16 +16

+16

+25

+14

+5

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1995

-

N/A

+14

4 77 49

120

10

15

28 18

Building societies margin war seen

1995 could be the last year of consistent growth. Alison Smith reports

scheme will cost £20m this larger societies, including year, while Bradford & Binthose often seen as weaker pergiey, which announced its formers, have the capacity to plans this week, estimates its offer costomers some form of profits will be down 250m. enhanced rates, because of the Other societies, notably strength of their capital ratios. Nationwide (which does not which they could allow to fall appear in the table because it back for a couple of years. He argues that in some ways has an April year-end) and Britannia, have also committed the trend towards "hairshirt themselves to programmes of mutuality" poses more difficult questions for the fast-growing societies which say they are improving their mortgage and savings rates, but as yet have not set out details of these committed to remaining mutual, such as Northern Rock Mr Thomas believes that and Birmingham Midshires. these moves will mean that other societies which do not The climate of opinion could change in a way that would intend to become public limmake pre-tax profit rises of 25 per cent or 19 per cent look excessive, but, at the same time, these societies need the ited companies either by floating or by being bought will have to produce similar plans,

to demonstrate the value of retained profit to fund their mutuality to their customers. balance sheet growth. Some believe the question of improving rates will spread beyond societies to other main-Forecast bad Debi stream lenders, when the detailed plans from Nationwide, the third-largest lender arge Em and second-largest society, are

known. Without such a move, banks and societies which are intending to become plcs - Halifax, Woolwich and A&L - are unlikely to come under similar pressure to change their rates. While some of the forecast asset growth in the UBS table has come from acquisitions, in general, the figures suggest the larger societies have grown las-ter than the 4 to 5 per cent increase in the mortgage mar-Source: UES het as a whole.

	Timmér	 		- Mar t (fam)	8	6 (p)	Gurrant payment (p)	Date of payment	- Dividencis - Corresponding chádaid	Total for year	Tuest se yster
Sarbour index	6,59	(6.58 )	1.57	(1.93 )	6.2	(77)	3	Apr 8	2.85		9
Starchbury Estates 6 miths to Sept 30	211	(1.8)	1,84	(1.49)	12.5	(114)		-		-	-
Denka Basiness	543.4	(964.7)	37.1	(32.6)	13.31	(11.7.)	· •			-	1.8
Soochest 6 mits to Nov 30	16.3	(13.5)	0.451	(0.076 )	8,0	(0,1)	. 0.05	Ner 5	1n	-	0.05
All dealers and an and a start and and	3.01	12.42)	0,158	(0.09)	3.75	(2.21)			-	-	
Asemia $\phi$	398.9	(396.7)	8.394	(7)	15.2	(19)	5.4	Apr 30	5.1	7.8	7.5
DONOID WILLIAM DATE OF SOL	1.14	0.810 )	3.4	(2.281)	25	(1.7.).					
Links 9 and and a Part 20	0.030	(+)	3.621	(3.67L)	11.06L	(11.941)			-	-	
	68.1	έj	0.03L	(+)	0.1L	().				-	
Contrast restor 2	207.2	(172.7)	22.9	(15.8)	14.6	(11)	2.96	Apr 1	2.57	-	7.55
	2.05	(1.84)	0.365	10.172 )	0.074	(0.035)					
Hogdine 6 mine to Sept 30 Hogd (John D) § 8 mine to Oct 31	3.65	(3.69.)	0.231	(0.301 )	1.8	P3)	0.75	Ner 7	0.75	-	2
investment Trusts	juo:	1 (14)		atalan ar (Car)	<u>P</u>	- M	Current payment (p)	Date of -	Corresponding dividend	Total for your	Total la your
The second se	215.3	(165.38)	0.084	(0.0291)	0.34	(CLIL)			· •		-
	395.0	(329.7)	16.2	(16)	13.67	(13.47)	3.9	May 24	3.9	12.6	12
Montary hall Yr to Dec 31 +	290.8	2517)	25.4 -	(24.9)	6.78	(8.65)	3.5	bier 14	3.4	8.45	61

Earnings shown basic. Dividends shown net. Figures in brac and an area of the stack etock, 🖈 COMD

be free-wheeling American labour market model has won increasing admiration from public policymakers in Europe as they continue to wrestle with registered mass unemployment that is much higher than across the Atlantic.

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It is praised for its apparent flexibilities that provide American employers with an unquestioned right to hire and fire at will and thereby make it easier for them to create jobs and keep down the unemployment level.

Moreover, US companies are said to be able to respond much faster than their European competitors to changes in the global economy to create high performance workplaces because they operate in more deregulated labour, as well as financial and product, markets By contrast, the social market

economies of continental Europe are castigated for perpetuating over-generous welfare benefits and legal employment protections, along with top-heavy state bureaucracies and over-mighty trade unions that obstruct the growth of employment opportunitie

As David Marsden at the Centre for Economic Performance et the London School of Economics argues<sup>•</sup>, the "compromises on which the post-war European model was built have been shaken". "Tripartism, industry-wide bargaining and employee participation have all been chellenged as obstacles to increases in population than in ability to obtain and keep good jobs swift adaptation to shifting markets and hence as a cause of declining competitiveness of European indus tries and of high unemployment",

be says. In these bleak circumstances, it is perhaps no surprise that the US model to many seems more alluring. But not all Americans are enthusiastic salesmen for the way their labour market works. A new book has just been published\*\* by the centre-left think-tank in Washington, the Economic Policy Institute, thet warns Europeans not to be seduced by what it believes are the superficial attractions of the US

model It is particularly unimpressed by the claim that the US has enjoyed phenomenal job growth since the early 1980s. "This has become a policy cliché on both sides of the Atlantic", says Jeff Faux, the institute's president. The book argues that, in fact, employment expansion in the US was lower over the past decade than in the other leading nine western industrialised economies, and e much greater share of US job growth was "driven by

increases in the portion of the population that was working' Faux points out that both Austra-

lia and Canada enjoyed greater jobs expansion than the US over the period, although those two countries are "generally more regulated, have higher rates of unionisation and more generous welfare systems". Moreover, he adds the US jobs performance was actually superior in the 1970s than in the 1980s compared with Europe when "the US welfare state was at its most expansive". Nor is the institute impressed by the argument thet the US has more

competitive labour costs than those of the European Union countries. It calculates lower labour costs are mainly due to the decline in the dollar's value. But the book's main criticism is thet the US labour mar-ket model has been based on "the deterioration of the standard of living of most Americans over the last 15 years"

Larry Mishel, the institute's search director, argues: "The core problem facing working Americans is the long-term erosion of their

that sustain middle class incomes."

RECRUITMENT

Wage inequalities have also con-tinued to grow during the 1990s while the real pay of high school graduates, blue-collar workers and men have gone on failing. The only group of employees to escape from the downward pressure on real wages have been those with advanced or professional degrees involving an education beyond a four-year college degree. Robert Reich, President Clinton's

labour secretary has made a mantra out of the call for more education and training to make US workers more skilled for high performance workplaces. But the education levels of workers are rising as their wages are falling. It is estimated 20 per cent of col-

lege graduates are working in jobs that do not require any higher edu-cation, and it is estimated an even larger proportion of graduates will be under-employed by the end of the century. As e result, the wages of non-college educated workers are being squeezed and the employment opportunities open to them are less well paid and secure.

The problem is not, however, that pean social market. A paper\*\*\* pres-"a small group of unskilled workers ented earlier this month to the are undergoing a painful adjust-ment to the new economic order", but that the wages, benefits and working conditions of three-quarters of the workforce without a col-lege degree are being driven down. "Now this trend is spreading to white-collar and college-educated groups, the beneficiaries of the new nomic order are even harder to find", concludes Mishel.

uch analysis has led Americans who think like him to look enviously at what they see as the superior virtues of the European model with its co-ordinated pay bargaining, high minimum wages, greater earnings equal-ity and generous unemployment efits that act as a counterweight to the downward pressure on the real pay of workers at the bottom of the earnings table, plus the dangers of social deprivation,

racism and political extremism. However, cogent criticism of the US model by American labour economists should not lead them to believe all is well with the Euro-

Mixed messages across the big pond ented earlier this month to the Organisation for Economic Co-operation and Develop Prof Richard Layard and other colleagues at the LSE's Centre for Economic Performance suggests some policy options that may help reduce European unemployment without dismantling basic protections for employees. As many in the centre are close to.

Tony Blair's Labour party, its ideas are likely to ettract growing interest in the months ahead. Layard and his colleagues believe it should be the role of governments not to pursue "flexibility" so much as "active labour market policies". This would involve imposing two new "obligations" on European gov-ernments if the social chapter of the European Union is "to contribute to lower unemployment"

First, young people must be "pre-vented" from ending their education "until they have acquired basic literacy, numeracy and vocational competence". Even more controverstally, the centre wants governments to ensure nobody remains unemployed for over 12 months.

JOBS: Europe is looking to the US as a model, but some Americans question its value This would require a radical annuach to the jobs/welfare sysepproach to the jobs/welfare system, with an end to long-term unemployment benefits in return for the guarantee of e job or a training place to the jobless concerned. "When people enter unemployment they need to understand there will be no possibility of an indefinite life on benefits," argue Layard and colleagues.

FINANCIAL TIMES FRIDAY JANUARY 26 1996

Such labour market reforms are clearly coercive and would restrict individual freedom. But as the US model suggests, there is en even bigger price to be paid in deregu-lation that is borne by the most vulnerable employees, with plum-meting real pay and declining living standards.

The current special 1995 issue of Labour: Review of Labour Economic and Industrial Relations from Blackwells, annual subscription 256. \*\* Beware The US Model: Jobs and

Wages in a Deregulated Economy, edited by Lawrence Mishel and John Schmitt, Economic Policy Institute, 1660 L Street, Suite 1200, Washington DC. 20036, \$24.95. \*\*\* Combating Unemployment: Is

Flexibility Enough? by R. Jackman, R. Layard and S. Nickell for OECD Conference on Interactions between Structural Reform, Macroeconomic Policies and Economic Performance. 18-19 January 1996.

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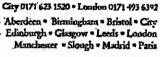
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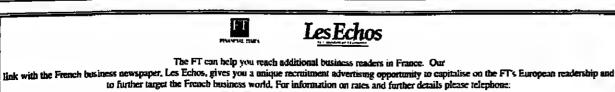
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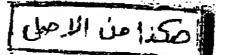
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A highly attractive salary and bonus are offered, together with a generous benefits package. For ambitious and successful individuals long term career prospects are exceptional.

> Please reply by letter or fax with a current CV and indication of current salary to: KW Selection, 140 Park Lane, London WIY 3AA. Fax 0171 355 1521 quoting reference EME/CI

> > KW SELECTION A Knight Wendling Company

You will be responsible for marketing the Group's International Investment products to a diverse range of potential clients within a specific regional sector. You will work closely with fund managers in preparing for new business presentations and will

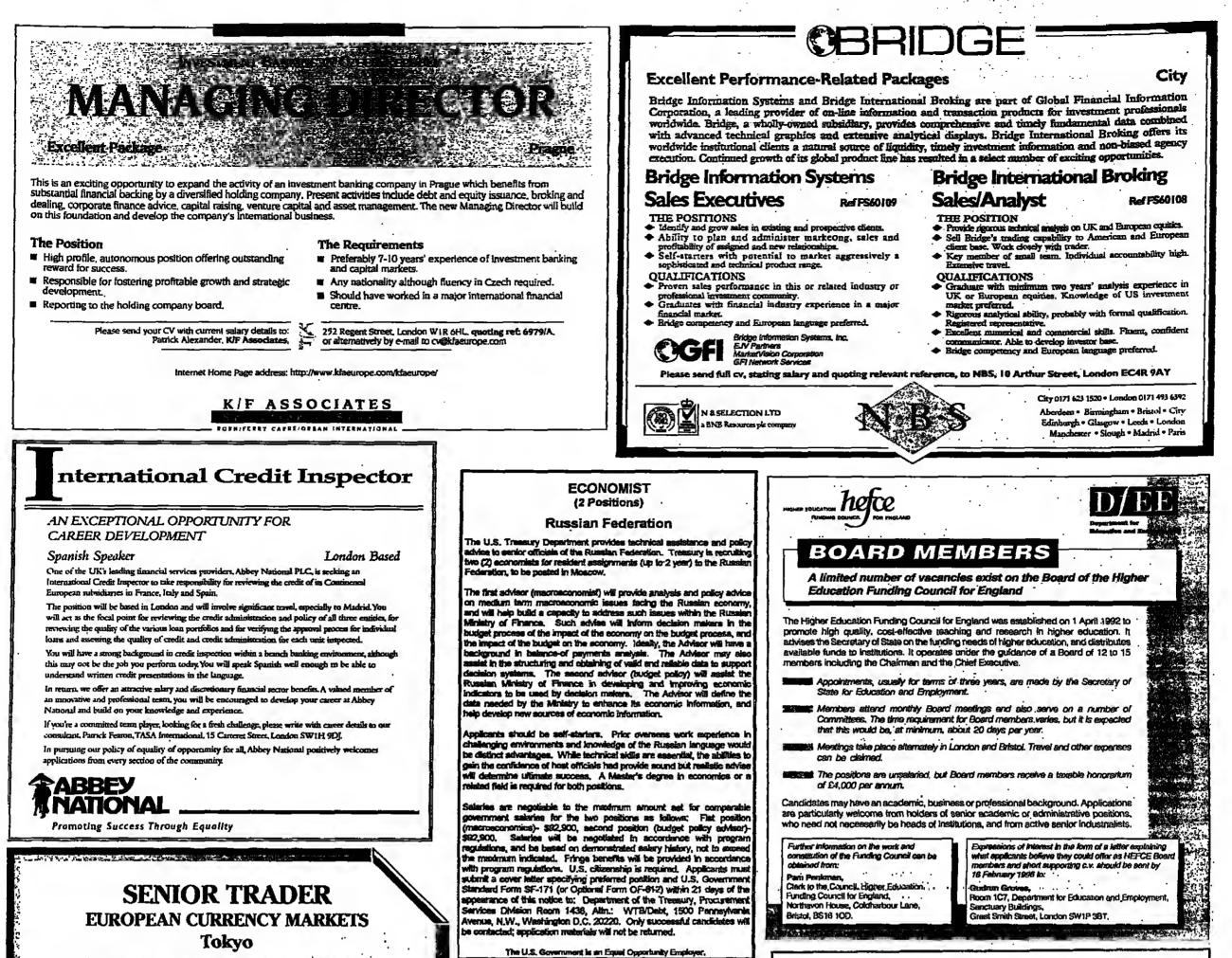
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FINANCIAL TIMES FRIDAY JANUARY 26 1996

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Our Client is a major European Bank that is undergoing significant global growth.

The role will involve trading the European Money Market Portiolio both on and off-balance; expanding and developing the existing USD and JPY off-balance sheet money market activity; communicating and llaising with other branches and supervision of junior staff.

Candidates will have a minimum of 5 years trading money products both as market makers and strategic positiooers. DM FRA experience is preferred. They should have a strong educational background, be a motivated team player and possess strong communication skills. Familiarity with financial markets in Asia time zones and/or working experience in Japan would be an advantage.

An excellent remuneration package lockuding benefits and a very significant bonus potential is available for the successful candidate. For an initial discussion in confidence please call us quoting JO1/96 at 20 Cousin Lane, London EC4R 3TE. Telephone: 0171 236 7307 or  $E_{\rm exc}$  0171 460 1140 Fax: 0171 489 1130.

**STEPHENS** 

SELECTION

STEPHENS **GLOBAL CUSTODY RELATIONSHIP MANAGER** 

#### Excellent Package

The Bank of New York is a lead provider of Securities Processing Services to the market and a respected Trust and Investment Manager. We operate a complete range of processing and operating services, supported by superior technological resources to iovestors and institutional resources. Exciting career opportunities now exist to join this successful Global Custody team. Candidates must have:

- D Experience in developing and maintaining strong client relationships within a service orieoted environment.
- O Superior knowledge of Global Custody or investment management operations.
- O Ability to actively identify new business. European languages an advantage.
- O First class interpersonal and communication skills. Proactive, energetic, skilled negotiator. Team player.

Written applications only please, including full CV and current salary details to: Maria Gigli, Personnel Officer, The Bank of New York, 46 Berkeley Street, London W1X 6AA.

THE BANK OF NEW YORK = APPOINTMENTS Our client, a major international Asian stockbroking firm, requires WANTED KOREAN EQUITY AND DERIVATIVE SALESMAN LONDON OFFICE. NUMERATE GRADUATE Korcan speaker, with a relevant degree, and preferably an MBA. A minimum of 10 years broking experience in the Korean securities industry, strong WANTED relationships with the UK and European institutional clients. Previous To join a small options trading work experience in Korea will be expected, with one of the recognized rage firms and/or a "chaebol". Other qualities required are a strong company as a trainee on the mic background and credit analysis skills. LIFFE floor. Age 20-25. Contect LEADER FINANCIAL RESEARCH LTD Send CV to: Stir Floor, 27 Austia Friars, London EC2N 2AA UK Tel: 44 171 256 5550 Fax: 44 171 256 5580 WOLSERS OPTIONS LONDON LTD., 23 Cantomile Street, Lopdon EC3A 7PP

Major European Bank

# FOREX SENIOR DEALER

#### Hong Kong

The Client :

A leading European Banking Group sceling to recruit a highly qualified Exchange Senior Dealer for their Hong Kong Branch.

#### The Position :

· Develop a wider trading of European currencies within a global 14 hours Fores - trading network Reports directly to the Head of Treveny Group.

#### The Person :

· Graduated from either university or business school, or engineer school

- · At least 2 years experience in fores spot markets dequired in a major
- hank or a large corporation. - Fluent in English : knowledge of French is ultrantageous.

· Strong interpersonal and communication stalls. . Should be highly self-motivated and able to fully understand client requirements.

#### The Rewards :

. The remaneration package will include a competitive base salary. inghis attractive bonus scheme and housing allowance in Hong-Kong. Please reply with full details to Danielle ELOUEIS.

# COREX

#### 11. avenue Myron Herrick - 75008 Paris - Fax 42 25 13 23

The Inter-American Development Bank has an opening In Washington, DC for a:

SWIFT CENTER SYSTEM OFFICER

ne: Operate, administer and maintain the SWIFT. Telex System (STS) using Logica's Fastwire Software; Interface with the SWIFT Network and Telex carriers: install and test new versions of Fastwire, monitor performance maintain security, identify systems entris, support software interfaces, and participate in STS disease recovery plan and in systems development within the dep

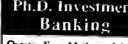
Requirements: Bachelors degree in Computer Information Systems or related held. Minimum three years experience in computers or information and communication systems; one year with a Masters. Experience with the SWIFT System desirable. Fluency in English required.

The IDB is an international financial institution promoting economic and social development in Labin America and the Caribbean. Position offers excellent salary and benefus package, including relocation. Resume should be rece by February 9, 1996. Send to: HUR-RO-FT IDB Stop EO507 1300 New York werue, NW, Washington, DC 20577 USA or FAX (202) 623-3096. The Bank regrets that it is able to respond only to applicants who best meet the position equirements.

### BUSINESSMEN

Young, ambitious, Oxbridge aduate, currently at prestigious city institution looking to work with successful entrepreneur.

CONTACT UK: 01426 938871



Outstanding Mathematicians/ Scientists required to join derivative trading desk, to train as analysts or risk managers. PLEASE CONTACT CARL BAUML 0171-972 0150 (Rec Cons)

Investment Ombudsman

The Investment Management Regulatory Organisadon Limited (IMRO) is responsible, under the Financial Services Act, for regulating firms involved in investment management in the UK.

IMRO has set up an independent system for dealing with complaints brought against regulated firms by their customers, where those complaints cannot be resolved by the parties concerned. These complaints are referred to the Investment Ombudsman, who investigates complaints independently with a view to recommending a settlement to the pardes and can, in appropriate cases, arrange for adjudication.

The Ombudsman's role is a part-time one, supported by a full-time legal team which undertakes case preparatioo and iovestigation. However, the Ombudsman decides the cases - sometimes after interviewing the parties - with the aim of reaching a fair result in each case.

The post of Ombudsman will shortly fall vacant following the retirement of the present incumbent and IMRO is seeking his replacement. The successful applicant will be a professional person, of high integrity, with a successful career in a commercial environment. The current Ombudsman is legally qualified. IMRO considers that legal experieoce is necessary but may be persuaded otherwise should a particularly suitable candidate emerge from aoother field. In any event candidates must be able to demonstrate a clear understanding of the workings of the financial services sector and a strong commitment to investor protection.

Applicants attracted by the challenge of this high profile posicion should write with career details (quoting ref. oo 2375F) to Dorothy Page at Odgers International, 7 Curzoo Street, Londoo W1Y 7FL, who is advising IMRO on this appointment,



- TIMIRO

# **Pacific Basin Economist**

Schroder Economics, the economics unit of Schroders pic, centred within Schroder Investment Management Limited, requires an economist to cover the economies of the Pacific region, excluding Japan. This is a new role which reflects the increasing importance of the region to the success of the company.

You will be required to work with the existing specialist team in the generation of regional economic forecasts, the assessment of monetary and fiscal trends and the development of investment themes through original research.

You are likely to possess a post-graduate qualification in economics and should have gained at least 3 years experience in either the public or private sector. At least one year must have been spent specialising on Pacific region economic Issues. Good communication skills and an interest in financial markets are essential.

The jobholder will be based in London reporting to the Chief Economist but will have extensive contact with Schroders' overseas research teams and economists,

The compensation package includes a competitive salary plus full banking benefits package. Career prospects within the Schroder Group are excellent.

Applications in writing with full curriculum vitae, should be sent to: Carol Scambler, Schroder Investment Management Limited, 33 Gutter Lane. London EC2V 8AS

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Ph.D. Investment

ENTREPRENEURS /

# BRING YOUR PROFESSIONAL INFLUENCE TO BEAR AT SENIOR LEVEL IN CORPORATE BANKING SENIOR RELATIONSHIP MANAGERS

#### : London & South East

When you process transactions valued in excess of £70 billion per annum that's £1 in every £4 that passes through the nation's tills - you can justifiably claim to be a major farce in UK banking. One of the main reasons for Girobank's success is our total commitment to developing solid working partnerships with our clients. We now need enthusiastic and knowledgeable people to course the long term development of these relationships.

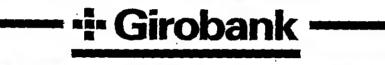
You will be accountable for maintaining and enhancing relationships with existing customers and identifying and winning new business opportunities. From the renegotiation of contracts to ensuring the delivery of a quality service, you will have responsibility for actively enhancing the corporate banking portfolio.

You must have experience gained within a first-rate corporate financial environment embracing a comprehensive knowledge of cash bandling and money transmission.

Competitive and a high achiever, you will have the well-honed sales, negotiation and persussion skills essential to succeed in this target-driven role.

We offer first-class remuneration packages - attractive to the highest calibre people - together with realistic career prospects in a progressive environment.

If you think you could make an active contribution to our continuing success then please send full cv to Trish Mercer, Personnel and Training Adviser, Girobank plc, Bridle Road, Bootle, Merceyside GIR 0AA.



# MANAGING DIRECTOR

Speciality Footwear Retailer - New Zealand

INTERNATIONAL CONSULTING OPPORTUNITIES

DFC is a private consultancy firm with offices of London, Barcelona and Paris, providing

advisory services worldwide, with a focus on Eastern Europe, the CIS and the Southern and Eastern Mediterranean region. Our assignments are frequently funded by the

World Bank, the European Commission, the European Bank for Reconstruction and

We now aim to extend our register of experienced consultants for new assignments principally in the banking and financial sectors in the Mediterranean region. Excellent

presentation and report writing in English are required and fluency in a second

language with a knowledge of Arabic is desirable. Previous working experience in the

Middle East or North Africa especially in the areas of bank restructuring, bank

regulation and supervision, development finance, small and medium size enterprise

Candidates with appropriate experience are invited to send a detailed Curriculum Vitae, indicating preference for short or longer assignments, to: DFC Ltd, Grosvenor House, 141/143 Drury Lane, London WC2B 5TB, Tel: (44) 171 836 3424, Fax: (44) 171 379

For over 1.25 years, R Hannah & Co Ltd has led footwear retailing in New Zealand. The company is privately owned, has close to 190 stores nationwide, covering several market/brand segments and is at the forefront of new thinking in retailing. Hannah's and its associate brands are prominent in all major shopping centres and the Company is quickly developing new theme store concepts, as well as the prudent location of stores in new Outlet and Power centres.

The Managing Director will be responsible to the Hannah's Board for the continued profitable development of the company. The foundation is very solid with significant revenues, market leadership and a reputation for efficient manufacturing andimporting, intelligent marketing and quality customer service. Candidates will need to have speciality

Telephone 64-9-377 3119 Facsimile 64-9-307 2322 PO Box 5621, Auckland, New Zealand

os@scg.cu.nz

Development and other international agencies.

development, project finance, and privatisation is being sought.

E Mail: Application

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or similar retail experience at a senior management level. They will need to provide evidence of success in adding value for shareholders, leading and developing staff and exceeding customer expectations. A sound background in retail selling, marketing and merchandising is essential as is an understanding of fiscal responsibilities and Board relationships. Experience in apparel retailing would be very helpful,

c£30k + bonus + car

The remuneration package is at a high level and includes discretionary income based on company performance. Relocation expenses to Wellington, New Zealand's capital city, will be met.

### Investment Research Stockbroking Paper & Packaging, Mining and Drinks & Leisure

Age 25 - 32

A leading UK based international stockbooking firm has openings for industry specialists in a number of sectors.

Through its strong institutional broking business, the firm plays a major role in raising equity and long-term debt finance for British industry. It also raises finance for oversess companies and has been extensively involved with privatisations in the UK and abroad.

A substantial commitment to investment research is a central component of the firm's activities. Members of the research team keep in close contact with a wide range of companies and provide sector expertise as part of the broking business. They affer investment advice to fund managers in the UK and around the world, and play a key role in the process of winning and executing mandates to issue oew equity capital.

These openings, which have been created by the continuing development of the firm, might suit those already in City-based occupations or in industry, commerce or the professions. Applicants, who must be self-monivated with strong analytical and communication skills, should contact

Jock Costs at Career Piza Ltd., 33 John's Mows, London WC1N 2NS. Tel: 0171 242 5775, Fax: 0171 831 7623.



### UK Subsidiary Managing Director London Based

Worldwide company with a strong leadership in manufacturing and commercialising of sophisticated engraving machines is seeking after a managing Director in order to further develop its UK market share.

The ideal applicant, aged 35-45, will be educated to degree level with minimum 10 year experience in industrial equipments in «Business to Business». He should have oiready managed business units and acquired a successfull experience of commercial development. He should also be capable of implementing o strategic direction of the business and exploiting all UK market opportunities.

Strong interpersonal and communication skills ore essential as the position requires extensive interfacing with clients and employees.

Please reply with full details to Géraldine MICHAU,

### SWITZERLAND

THE BANK FOR INTERNATIONAL SETTLEMENTS

an international institution located in Basle with approximately 460 members of staff from 24 countries

invites applications for the following vacancies in its Banking Department

#### Portfolio Manager (Ref. 96277)

The successful candidate, who will have a university degree (ideally in finance or mathematics) and at least two years experience in managing fixed income instruments, will join a team responsible for portfolios invested in the world government bond markets. Essential prerequisites are computer literacy and a good knowledge of financial mathematics and fixed income derivatives. The successful candidate will have a quantitative oriented university degree with exposure to economic and financial theory. He/she will join a research team to analyse fixed income markets developing portfolio management tools and market models. Essential prerequisites are knowledge of statistics, mathematics, numerical methods and a good command of various IT environments (UNIX, windows).

FIXED INCOME ANALYST

(REF. 96279)

21

In addition to a very good command of both written and spoken English (preferably mother tongue), a working knowledge of German and/or French would be an advantage.

The Bank offers attractive conditions of employment in an international atmosphere and excellent welfare benefits.

Candidates should send their application, logether with a recent photograph and references, to the Personnel Section, Bank for International Settlements, 4002 Basic, Swuzerland, quoting the relevant reference number.

### **Project Director - Transportation**

#### **Far East**

#### Salary Indicator £100,000 & Accommodation & Benefits

This is a superb opportunity to fully manage a landmark civil engineering/development project with an initial construction value of US\$150m. The project comprises a high capacity bridge; tunnels and adjoining infrastructure works.

The person sought will be in overall charge of construction activities and will lead development appraisals and negotiations, managing in-house and external design teams, consultants and financiers. **Previous in-depth** experience of project financing is desirable. Far Eastern based experience is a distinct advantage.

Candidates should have a degree in either an engineering or business discipline (ideally both) and a career history of involvement in major projects in senior positions.

The company is presently engaged in a wide range of construction and development activities worldwide in the civil engineering: oil/gas and power generation markets. This project broadens the scope of operations into transportation with the objective of creating a new strategic business unit. This is a long term career opportunity with a successful entrepreductial company.

Interested candidates should submit their CV's in the first instance to Chris Cheetham (advising the client), quoting reference FT/1004/CC at:

PRS Limited, Culpitt House, 74-78 Town Centre,

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Applications will be treated in strict confidence. Please send relevant personal and career history information to Norman Godden, Deputy Chairman, Sheffield Consulting Group Ltd, at our Auckland address below, quoting Reference 15991.

CONSULTING GROUP LT



# ANALYSTS

Highly successful, US Management Consultancy specialising in financial services needs to recruit a small number of high-calibre individuals into its Hertfordshire-based team.

We know what creates success in these roles: our clients need people who understand their business and their needs, and seek to enhance the relationship continuously; people who thrive on front-line exposure; and whole confidently balance competing demands. Systems literacy is a prerequisite, along with strong technical analysis and an absolute attention to detail.

In order to be considered you will have an MBA, be highly numerate, and able to articulate your observations and conclusions articulately in written reports or directly to the client. You'll need to demonstrate extensive and creative application of your systems expertise. But beyond all this, success rests on your ability to apply acute intelligence to practical issues; to maintain your integrity, dependability and composure as a dedicated team player while working in a high-pressure environment.

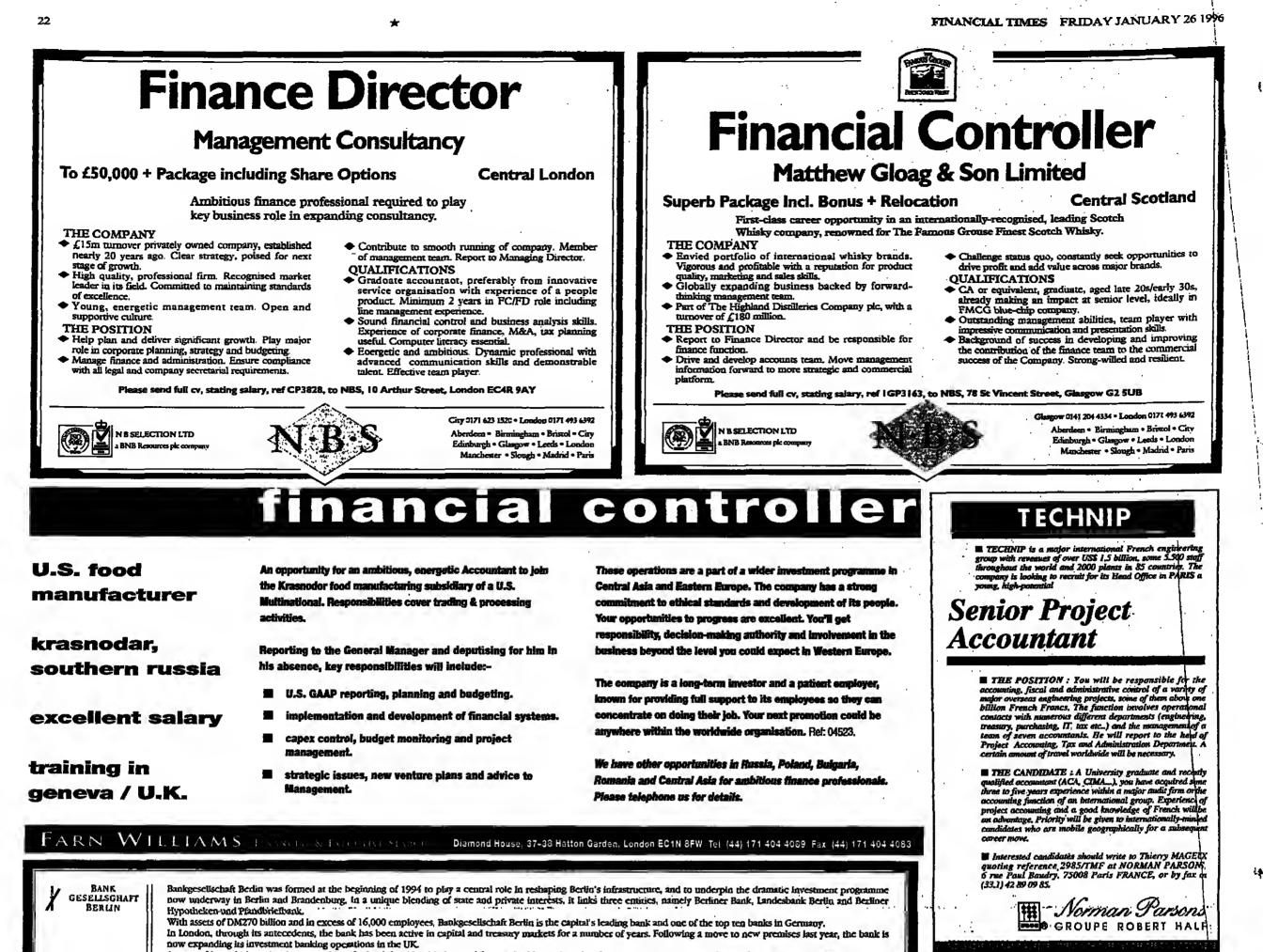
Rigorous professional standards and a demanding workload are compensated by a very competitive salary, attractive benefits and the potential for a substantial performance-related bonus. Most of all, this is an opportunity to develop high-level technical expertise, for learning and using skills, which make you visible and valuable to clients in a dynamic, global market.

#### READY FOR THE CHALLENGE?

Send your CV and application letter to Box A5267, Financial Times, One Southwark Bridge, London SE1 9HL

ACCOUNTANCY APPOINTMENTS Bursa **EUROPEAN AUDITOR Rugby School Exciting Pan-European Opportunity for German Speaker** With operations in 40 countries spanning Europe, America and Asia this manufacturing group has established market leadership in its core business areas. They are pioneers in their field. The development of leading edge technologies combined with focused, innovative business practices has contributed to dramatic organic and Warwickshire acquisitive prowth. Leading independent boarding and day school, with 500 boys and 210 girls, where the enjoyment of teaching and learning speaks as loudly as the fine academic results. LONDON Based near London, the European audit team is young, multi-cultural and commercial. As a key member of this team and working closely with all levels of management, you will review operational and financial aspects of the THE POST activities in Europe with a clear focus on Genmany, Austria and Switzerland. Trouble shooting, syste QUALIFICATIONS Accountable for the non-teaching administration and financial control of the school. Responsible to the • Able and intelligent manager with a degree, or development and special project work such as analysing business and technical accounting issues will be Competitive important aspects of this role. The successful candidate will therefore be: equivalent professional qualification. Headmaster and with direct access to the Chairman of Experience of financial management desirable. the Governing Body. Salary + A qualified accountant or equivalent with at least 3 years auditing experience. Aided by an Assistant Bursar (to be appointed in the Excellent communication skills, ability to monitor and control the business performance of the school. Fluent in English and Germa Autumn), Estates Burser, Accountant, Office Manager, interest and involvement in school life. Benefits Relishing the prospect of a multi-cultural role with approximately 40% international travel. a number of support staff and secretariat. Member of The successful candidate must be prepared to live the School's Management Committee. close to the school. This represents a unique opportunity to positively impact upon the efficiency and profitability of the European The appointment is for 1 August 1996. business, using a consultative approach which will add value. Career prospects are excellent both in Europe and group-wide Please send full cv, stating salary, ref ED60103FT, to NBS, 54 Jarmyn Street, London SW {Y 6LX Interested applicants should telephone Robert Macmillan on 0171 404 5501. Registered as an educational Charity number 528752 Alternatively please write in confidence, stating current remuneration, quoting reference NICHOLSON number 2188 to Nicholson International (Search and Selection Consultants), Bracton House, INTERNATIONAL London 0171 493 4946 34-36 High Holborn, London WCIV 6AS, or fax your details on 0171 404 8128. N B SELECTION LTD Simingham • Bristol • City BNB R China Czech Republic France Germany Holland Hungary India Edinburgh • Glasgow • Leeds • London krael Bah Releium Slough - Madrid - Paris 3

LONDON Competit Salary + Benefits



As part of its ambitious development plans, the bank has identified a need for two highly motivated and innovative accounting professionals to strengthen its finance group. Both are new positions where your interpersonal skills and initiative will be put to the test.

P&O

#### Competitive salary + banking benefits

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# Manager, Group Reporting

Reporting to the Head of Group Finance, your responsibilities will be to:

- ▲ Establish/enhance budgetary control, management reporting and commercial support.
- A Develop and manage staff to maximise productivity.
- A Review and enhance information and accounting systems.

#### You will have:

- ACA/ACMA gualification. ▲ Experience of management accounting within the

- MA MARTIN-WARD ·ANDERSON ·
- financial services sector. A Proven team management skills.
- A thorough knowledge of capital markets instruments. An ambition to progress beyond the immediate role.

Manager, Regulatory Reporting

Reporting to the Head of Group Finance, your responsibilities will be to manage and develop the regulatory function to satisfy both German and UK regulatory requirements. This will involve:

- ▲ Interpretatioo of regulatory rules.
- Assessment of systems requirements.
- A Management of information from the Group's regulated entities.
- A Responsibility for compliance with all regulatory reporting requirements.

#### You will have:

- ▲ ACA qualification or equivalent.
- ▲ In-depth knowledge of German regulatory requirements including the Capital Adequacy Directive.
- A Proven experience within a progressive Capital Markets environment.
- A Good working knowledge of German (oral and written).
- Ability to participate in systems developments in response to regulatory changes. ▲ Effective communication skills.

Interested candidates should write quoting reference number 27813 and enclose a curriculum vitae with current salary details ro: Jon Anderson ACMA, Martin Ward Anderson, 20 Shorts Gardens, Covent Garden, London WC2H 9AU.



**Studies Expert** required for a position as

DIRECTOR OF AUDIT

in the

#### Office of the Comptroller and Auditor General

This is a senior level position and the person appointed will be responsible for the strategy, direction and management of the Value for Money Audit Division in the Office of the Comptroller and Auditor General.

The key responsibility of the position will be to advise on and implement, on an ongoing basis, a value for money audit strategy which will identify relevant issues and deliver high quality reports in an economic and efficient manner. The person appointed will, in addition, be a member of the Management Committee of the Office.

The position is likely to be of interest to persons with management or consultancy experience at a senior level in either the private or public sector.

#### **APPLICANTS MUST:**

- possess a proven record in business analysis and/or performance evaluation;
- have a capacity to operate effectively at a senior level in an organisation;
- have a detailed understanding of current management and operating practices in the wider business environment and an appreciation of the Public

The appointment will be on a five year contract basis and it is expected that the appointee will take up duty in early March, 1996.

Salary: £51,143

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Closing Date: 15 February, 1996 Cuirfear fáilte roimh chomhfhreagras I nGaeilge.

# **Civil Service Commission**

For application forms and details, please write to: The Secretary, Civil Service Commission, 1 Lower Grand Canal Street. Dublin 2. Telephone Number: (01) 6615611 missioners are committed to a policy of equal opportunity.

### APPOINTMENTS ADVERTISING

Appears in the UK edition every Wednesday & Thursday and in the International edition every Friday. For information on advertising in this section please call:

> Toby Finden-Crofts on +44 0171 873 3456 Robert Hunt on +44 0171 87 4095

# European Transport Services **Finance Director**

Ipswich

**Competitive Package** 

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P&O European Transport Services, a division of P&O, is a market leader in the provision of integrated transport and warehousing services throughout Europe, with turnover of c.£900m and with 8,000 employees in 16 countries.

Following relocation to a New Head Office in Ipswich, a Finance Director is required to contribute to the strategic development of the Division and to be responsible for its overall financial management.

The ideal candidate would be a graduate qualified accountant with experience in the transport/distribution sector and in European businesses. Technical excellence, a sharp intellect and flexibility of approach are essential. Travel throughout Europe will be required. Knowledge of German would be an advantage.

### Applications should be sent to:-

C G Smith Company Secretary P&O European Transport Services Limited Station House Stamford New Road ALTRINCHAM **WA14 1ER** 

# Senior Finance Professional

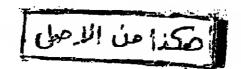
Our client is the UK subsidiary of a major US energy company with worldwide revenues in excess of \$7 billion. In recent years their successes have been enviable, with a reputation for excellence in the oil and gas industry. Further growth will result from developing new energy markets in the UK, as well as innovative exploration outside of their established producing countries.

They are now seeking to appoint a "high achiever". Reporting to the Director of Business Planning, your initial brief will be to manage the Audit function. This function's resources are strongly focused on the key issues of Risk Management, Internal Consultancy and Operational Review. To be successful in this role you must be able to demonstrate your ability to influence, and therefore have significant input into, high level corporate decision making. In the medium term, it is expected you will progress into a senior mainstream finance role either in the UK or Overseas.

You will possess an outstanding record of achievement to date, having both qualified as an accountant and excelled academically. Your current role will either be within a "Big 6" firm or Commerce/Industry. Whilst energy sector experience is desirable, it is not essential. The salary package on offer is intended to attract the highest calibre of candidates.

Interested candidates should send their Curriculum Vitae (including details of current remuneration), quoting reference no. 27913, to Richard Wright, Partner, Martin Ward Anderson, 20 Shorts Gardens, Covent Garden, London WC2H 9AU. Alternatively, telephone him on 0171 240 2233.

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to £70,000

package

age 30-35

London

MARTIN·WARD

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# RUR AUDIT PROFESSIONALS **AMSTERDAM - THE NETHERLANDS**

R.J. Reynolds International (RJRI), part of RJR/Nabisco, is one of the world's Big Three cigarette manufacturers and one of the fastest growing international tobacco companies with over 70 different cigarette brands, including best-sellers Camel, Winston and Salem in over 160 markets worldwide. Net sales are in excess of 3.1 billion USD and the employment level worldwide totals 16,500.

R.J. Reynolds International has recently concentrated its worldwide operations in Geneva, Switzerland. As a result of this a new Global Audit team will be created and is to be based in Amsterdam. Our client has an immediate need for top notch Audit professionals. The positions offer a high degree of responsibility and exposure to executive management. Career development opportunities are excellent for high calibre candidates.

We would like to hear from business-oriented Audit professionals who can demonstrate substantial experience in the following areas:

#### INTERNAL AUDIT MANAGER

- Financial and operational project based assignments
- Working with senior financial and operational management to improve control procedures
- Ad hoc special projects as determined by executive management Management of an audit team

To have gained at least 8 years audit experience from one of the Big Six and/or International companies. To be a qualified Accountant (CPA/ACA/RA) with US GAAP knowledge. Self-sufficient with Microsoft Word and Excel. 50-75% mavel.

### SENIOR AUDITOR

· Financial and operational project based assignments

· Working with senior financial and operational management to improve control procedures Ad hoc special projects as determined by executive management

To have gained 3-6 years audit experience from one of the Big Six and/or International companies. To be a qualified Accountant (CPA/ACA/RA). Proficient with Microsoft Word and Excel. 50-75% travel.

#### INTERNAL EDP AUDIT MANAGER

- Continuous control and optimalization of procedures and information systems
- Business process improvement
- Operational project based assignments and special projects
- Management of an audit team

To have gained at least 8 years of Information Technology experience including IT auditing. To be a Certified Information System Auditor, or equivalent. Familiarity with IBM AS400 and Windows NT operating systems and JD Edwards. Self-sufficient with Microsoft Word and Excel. 50-75% travel.

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#### SENIOR EDP AUDITOR

- Continuous control and optimalization of procedures and information systems
- Business process improvement
- Operational project based assignments and special projects

To have galued 3-6 years of Information Technology audit experience from one of the Big Six and/or an International company. To be a Certified Information System Auditor or equivalent. Experience with IBM AS400 and Windows NT platforms, JD Edwards. Proficient with Microsoft Word and Excel. 50-75% travel.

The ideal candidates should have an excellent working knowledge of English. In addition, knowledge of other European languages would be desirable. Exposure to the Eastern European region is a bonus. Excellent oral and written communication skills are essential.

To express your interest in these opportunities, please post or fax your updated curriculum vitae to: Elisabeth M.M. Hulgen, Robert Walters Associates, 'Rivierstaete', Amsteldijk 166, 1079 LH Amsterdam, the Netherlands. Fax: 00-31-20-642 9005. Tel: 00-31-20-644 4655. All curricula vitae sent to RJRI will be forwarded to Robert Walters Associates.



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# Price Waterhouse

**EXECUTIVE SEARCH & SELECTION** 

# Head of Group Audit

### FTSE 100 plc

24

c.£100K package London

#### About Us

Success is a word frequently attributed to us. With a strong international presence, we operate in over 100 couotries worldwide, producing, distributing aod marketing leading brands associated with FMCG. We employ only the best and acknowledge that it is largely down to the calibre of our people that has enabled us to reach our position of dominance within our chosen markets. Our style is open, direct and hard-working.

#### The Role

Group Audit is an important function within the Group. Our belief is that this should be a high level review which can best be achieved through a talented and effective small HQ team. Naturally, effectiveness of internal controls will be high on the agenda. But, equally, you and your team will be involved in acquisition security and information systems. The latter will be particularly important as we invest heavily in reengineering our businesss processes over the next few years, You will liaise frequently with our Audit Committee and top level management throughout our organisation and we view this role as an excellent opportunity for progression to other line management roles in due course.

As with any major, successful organisation, there will be occasional frustrations and impossible timetables to meet. Working for us is no easy option, but can be enormously rewarding. However, if you are looking for an easy

#### option at this point in your career, please don't bother us - it will be an unhappy alliance.

#### About You

You will probably be a qualified accountant, but equal you could have reached a senior audit role through the IS route. You will have several years' experience at senior managerial level and will probably be in your mid to late 30's. You will have exceptional analytical qualities, combined with broader vision and highly developed communication skills. You will certainly be computer literate and have audited sophisticated systems applications. Operational experience will be useful and you must have credibility, presence and diplomatic skills. You will also have the necessary level of emotional resilience to be effective at this level. Finally, you must have the potential to move beyond this role in due course.

#### Next Step

Interested? Then send your details, quoting reference J/1618, to our advising consultant Judith Richardson. Alternatively, if you would like a discreet conversation first, please call either Judith on 0171 939 5145 or Alannah Hunt on 0171 939 5968.

Executive Search & Selection. Price Waterhouse, No 1 London Bridge, London SE1 9QL. Fax: 0171 403 5265 loternet: Alannah\_Hunt@Europe.notes.pw.com

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# Change the way we do business

# Central London

For some time now, the Metropolitan Police Service has been going through unprecedented change at strategic and operational level. This is how it is going to continue, as reorganisation of our business structures and procedures becomes part of our culture. The highest standards of audit and management accounting are key to our success, and we need the following professionals to join us.

#### Audit Managers and Senior Auditors

You will need to ensure thet effective systems of control exist to enable us to achieve our primary goals of efficiency, value for money, quality and accountability. These are demanding roles for which you will need to be a strong, self-motivated leader with a proven record of achievement. You will also need excellent interpersonal skills and extensive practical experience of systemsbased auditing.

At Audit Manager level, you will need 3 years' experience in senior audit management, and at Senior Auditor level you will need 3 years' sound experience of modern audit practices. You must also have a recognised professional qualification. Reference: AMSA1.

> METROPOLITAN POLICE

Management Accountants The Personnel and Finance departments have a number of opportunities involving various levels of team management and autonomy. You will be providing accounting advice to senior management and other members of the department. All positions will give you the opportunity to examine current accounting procedures and develop new systems.

Qualified or nearly qualified, you will recognise the need for change and be able to communicate financial concepts to non-specialists. A good knowledge of public sector financial management would be an advantage for some of the positions. Reference: MA1.

For further details and an application form, please telephone Denise Muskett on 0171 230 3500 (24 hour Answerphone), quoting the appropriate reference number. Alternatively, write to her at Metropolitan Police Service, 105 Regency Street, London SW1P 4AN. The closing date for completed applications is Friday 23rd February 1996:

The Metropolitan Police Service is committed to a policy of equal opportunity for all staff regardless of sex, marital status, colour, race, nationality, ethnic or national origin, sexual orientation, religion or disability

You should be a British or Commonwealth citizen, or a National of any state within the European Economic Area and should normally have lived in the UK or EEA for the past three years

# **MANAGEMENT ACCOUNTANT**

This innovative PLC, a £2Bn business, is a pioneer in a number of chemical related businesses, it Competitive has a name synonymous with quality and state of the art technology. Local Salary An opportunity has become available following the recent acquisition of a market leader in and Benefits Germany. Reporting to the Commercial Director, this high profile role will assume responsibility for all management reporting and forecasting. Working with senior management you will gain exposure to all aspects of the business, defining and producing qualitative management information. Additionally you will assist in the implementation of the internal computer system across the business. To perform this pivotal role you will ideally be aged between 25-30 years, possessing a recognised accountancy qualification with a minimum of 2 years industry experience. NUREMBERG Individuals should be proven communicators, be confident dealing with non financial personnel and able to work in a multi task environment. Fluency in English and German is essential. Interested candidates should contact Jane Storie, in strictest confidence at FSS **{**} Europe, Charlotte House, 14 Windmill Street, London W1P 2DY. Tel: (44) 171 209 1000 or Fax: (44) 171 813 9479. Ref: FT 0031.

Closing date for applications: 12 February 1996.

European VAT Specialist & **Corporate Income Tax Specialist** 

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For Hewiett-Packard, VAT

our success and that of our

customers. You will be

planning means contributing to

supporting our business units in the development of their

activities in the EU and Eastern

Europe to insure we can deliver

services on a pan-European and cross-border basis without VAT

environment, key parts of this

support include the identification of opportunities for planning,

of VAT processes across Europe,

supporting our geographic VAT team, lobbying, technical

training and research.

lardisation and automation

a broad range of goods and

constraints. Working in a

multiple VAT registered

stan

Specialist

Hewlett-Packard is one of the world's leading companies in the global information technology and electronic instruments market with revenue of US\$31.5 billion in our 1995 financial year. As a Fortune 50 company, consistently recognised for our success, innovation, employee satisfaction, and unprecedented growth, we are looking for two roactive tax professionals to join our growing European Tax Department. Both positions offer

benefit packages.

14

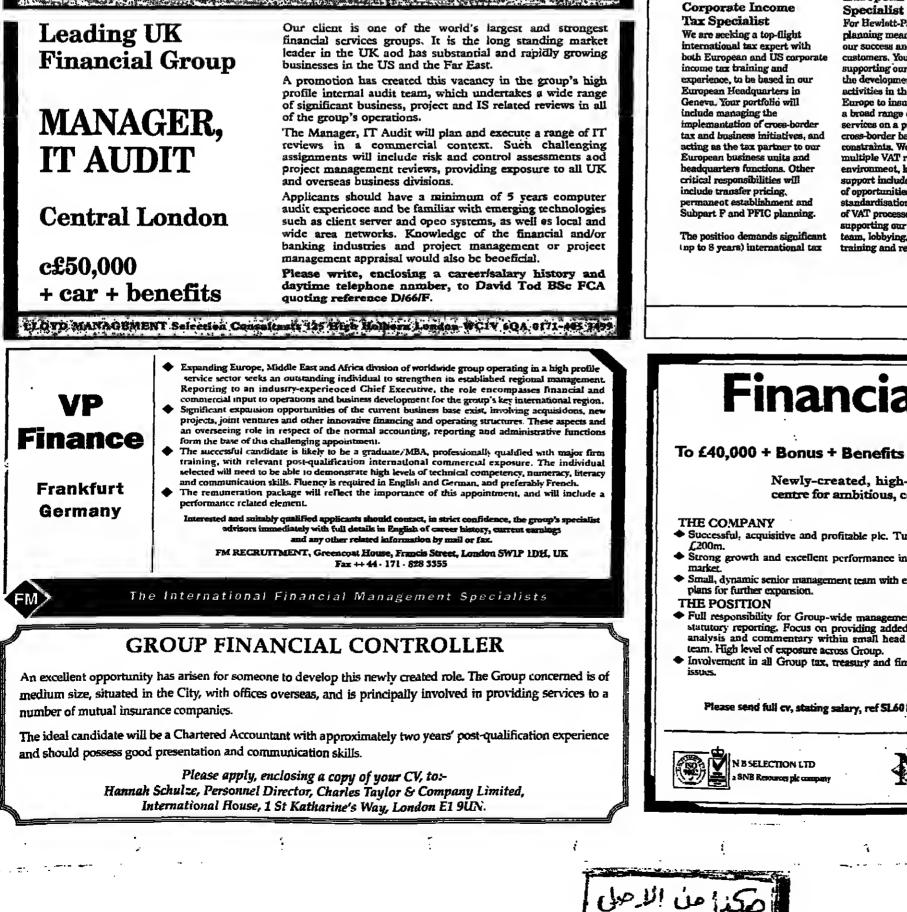
FSS

EUROPE

with US international tax rules. This will probably have been gained in a multinational organisation operating in Europe or a major international firm of tax advisors. Yon must be able to interact well at all levels andbuild consensus across different functions and cultures. A second European language in addition to English is desirable, and you must have an appropriate qualification (legal or accounting

Working for the European VAT experience, including familiarity Manager, you will be a business focused VAT high-flyer with 5 years European VAT experience gained in a professional firm or multinational organisation. An appropriate qualification is desirable, fluent English and good communication skills are vital. Reflecting the European nature of this role, it could be based in Geneva, Bracknell or one of our main European sites. In any case, extensive travel will be required. Ref.

# 



Beament Leslie Thomas **Recruitment Consultancy Ltd for** both positions. Please send your CV, including current package and quoting our reference number to: Mike Beament or Caroline Thomas at BLT Recruitment Consultancy Ltd, Quality House, 5-9 Quality Court, Chancery Lane, London WC2A 1HP. Tel: + 44(0)171 405-3404 Fax: + 44(0)171 405-3310. CV's sent directly to Hewlett-Packard will be forwarded to BLT.

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Hewlett-Packard values the contributions of a diverse workforce. Qualified men and women from all races, religions and levels of physical bility are encouraged to apply



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- Full responsibility for Group-wide management and statutory reporting. Focus on providing added value analysis and commentary within small head office team. High level of exposure across Group.
- Significant commercial remit, covering acquisitions and systems integration.

QUALIFICATIONS

- Graduate ACA, preferably "Big Six", with at least 2 years' PQE gained in industry, ideally manufacturing.
   Strong analytical and accounting skills, augmented by good level of tax and treasury knowledge. Highly IT literate, including spreadsheet modelling skills.
- Sound commercial appreciation combined with hands-on approach. Energetic, ambitious and flexible with ability to liaise effectively at all levels.
- Involvement in all Group tax, treasury and financing

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Please send full cv, stating salary, ref SL60101, to NBS, 7 Shaftesbury Court, Chalvey Park, Slough SL1 2ER

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### COMMODITIES AND AGRICULTURE

# Gold price bursts through Wheat crop forecast to bounce by 22m tonnes technical barrier to \$407

#### By Kenneth Gooding, Mining Correspondent

Gold's price yesterday burst conclusively through US\$404 a troy ounce - an important technical barrier - to close m London at \$407, np \$4.10 an ounce.

Traders were taken by surprise by the upward moven as many expected gold to fall in value yesterday and went short · or sold gold they did not own in the expectation of buying it at a lower price and pocketing the difference. The price rise also sparked more buying by US hedge funds and the "shorts" had to scramble to cover.

"A number of people at the start of the day thought gold a surprising lack of selling yes-

By Deborah Hargreaves

was oo its way down. But it terday when gold went above did not work out that way and \$404 an ounce. Australian gold producers, who usually take they panicked and sent it up to advantage of upward jumps in the price to sell forward, were \$407," said Mr Alan Baker, executive director of bullion trading et Deutsche Morgan Grenfell noticeably absent on this occasion, they added. He suggested that the price Gold bears still insisted thet. might ease back in the immedi-

although the price might reach \$420 during this renewad ate future "but we will see it higher this year". Mr Baker period of price volatility, it was likely to alip back to well below \$400 later. "I would be surprised if prices around \$420 suggested \$420 to \$440 an ounce was possible. He added: "There has been a lasted more than one month complete change of atmosphere [in the gold market]. We are now in a bull market and in a

Prices in that area should bring out between 300 to 500 bull market all news seems to tonnes of disinvestment selling from the Middle East," said Mr be bullish. But the market is long overdue for an interesting Ted Arnold, analyst at the Merrill Lynch, in the financial ser-

vices group's latest Commodity Market Trends newsletter.

Exchange in London has been forced to postpone the launch of Europe's first forward contract for natural gas because of delays in liberalisation of the

The main cause of the delay is the postponement of the implementation of the Network Code, the new set of rules for the gas transmission system, from February 1 to March 1. A further period will then be

By Nikki Tait

The date for foll balancing of the gas network has also been postponed by three months to September 1, which means that traders will have less incentive to trada gas actively much

The Securities and Investments Board has created further problems by requiring all the exchange's gas associate members to be suthorised by the Securities and Futures Authority, which could take 12

points may be introduced.

are generally favourable. stocks by mid-year remains at The crop is expected to be the highest for three years and could ease the current supply tightness. If cooditions in the main growing regions continue to be normal this year's crop will cover world consumption, which is expected to be 545m tonnes, and allow a small rise in stocks. The estimate for world

a 20-year low of 90m tonnes. The European Union further curbed the flow of wheat to the world market by imposing an export tax in December, the IGC said. The tax was attacked yesterday by the Grain and Feed Trade Association, which said it was "not an appropriate policy instrument." "Left to its own devices, the

market will ensure appropriate rationing of grain and feed products, and such an important function should not be in the hands of a few bureaucrats," the association said. Gafta called for the reduction of set-aside to allow EU farmers to respond to market trends. The grains council forecasts a rise in acreage for wheat plantings this year of

that negotiations between

China and the Commonwealth Bank of Australia over a credit

line, said to be around A\$300m,

to help Chinese importers buy Australian wool were progress-

The slump in wool prices in the second half of 1995 was

largely sttributed to the

absence of Chinese buyers at Australian auctions. As prices

fell, growers became increas-

ingly concerned that WTs con-

stant stream of stockoile sales

were compounding the down-

turn - and pressure grew for

some form of government relief

remain.

ing.

PTPW.

some 3 to 5 per cent in the EU. The council said the availsbility of wheat supplies this year would depend on the amount of coarse grains for the livestock sector. The forecast for world production this year is im tonnes lower at 795m tonnes with stocks expected to fail to 86m tonnes - 3m tonnes lower than the previous estimate.

25

#### IPE puts back Australia to scrap wool debt levy

about A\$1.4bn - remains, but

this will now be serviced solely

by sales of the large wool

stockpile, which also built up under the previous pricing

scheme. For the past year,

Wool International, set up to handle the stockpile problem,

has been steadily reducing this

hoard through a fixed schedule

continue to be able to meet

its debt servicing commitments

"Wool International will

#### By Nikki Talt in Sydney

Australian woolgrowers, who have been battling drought and slumping prices, finally got some good news yesterday when the federal government announced thet it would abolish the 4.5 per cent tax levied

to help pay off the A\$2.8bn industry debt that built op under the now abandoned guaranteed price scheme. Senator Bob Collios, the fed-

eral primary industries minisfrom sale of the wool stockpile under the fixed disposal scheme, which will not be affected in any way by this decision," said Senator ter, described the move as "the first major step in removing the burden the industry has Collins.

The annual amount levied He said the tax would be under the wool tax has been eliminated from July 1. A sig-

over A\$100m. The 4 per cent nificant portion of the debt - tax on growers to fund Japanese concede iron ore price rises

of sales.

### 37.68 cents for Mount Newman

The company noted the rising premium for lump ore, saying that this had increased from apply from April 1.

7.4 per cent price increase for its Robe River iron ore fines, operations, described the increase as "a very good outcome".

producers generally rose on

Guvanese sugar harvest industry promotion aod research and development will below target Announcing the levy's abolition, Senator Collins also said

#### By Canute James

Guyaoe's 1995 sugar harvest yielded 249,840 tonnes of raws, 2,160 tonnes less than 1994 prodoction and 14,160 tonnes below the industry's production target.

Production was affected by e prolonged dry spell last year, according to the Guyana Sugar Corporation. But the year's output allowed Guyana to meet its export quota commitments to the European Union and the US, satisfy domestic demand and sell to other countries in the region.

Barbados, whose production has been declining, imports Guyanese sugar for the domestic market. The Guyana industry has forecast 1996 production of 282,000 tonnes.

 Boosted by good crop prospects after four years of drought, South Africa is exploring sugar export markets closer to home while at the same time maintaining traditional export commitments, industry officials said, reports Reuters from Johannesburg. Industry officials said good

rains should boost output by some 25 per cent to 2.1m tonnes next season, doubling the amount available for export in 1996-97.

About 300,000 tonnes of the crop was effectively committed under long-term supply agreements, mainly with Far East countries, including Japan and Korea, said the South African Sugar Association's export manager Mr Andrew Barr-Sim,

MEAT AND LIVESTOCK GRAINS AND OIL SEEDS SOFTS Precious Metals continued BASE METALS WHEAT LOE (E per tonne) COCOA LCE &/tornal GOLD COMEX (100 Tray at.; Stray at.) IN LIVE CATTLE CHE (40,000/bit centerlist) LONDON METAL EXCHANGE 
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 tern Wel het Selt. Solt. Day's . Sett Dey's -Day's Ray's .... Open change sigh Law We int Prices from Amalgameted Metal Trading) High Law Yel there ligh **price** 122.53 +0.20 122.75 122.00 .287 2,370 124.50 +0.10 124.75 124.00 253 3,710 126.50 +0.16 401 ALLIMINIUM, 99.7 PURITY & per tomo 406.6 +3.2 406.4 402.8 36.511 73,420 406.7 +3.2 406.4 402.8 36.511 73,420 409.4 +3.3 411.2 406.2 16,533 53,056 444 905 1,389 25,345 925 1,180 16,775 123 1 1 1 908 930 \$11 832 251 Jan Feb Apr 3 millis 1542.5-43.5 963 355 950 885 9,229 Close 1571-72

#### Coffee prices hit 7-week highs place its export retention not yet reflect market fundavesterday as the March futures scheme beyond June 1996. It mentals and are at levels unsatisfactory to producer coun-

year

contract at the London Commodity Exchange rose by \$49 a tonne to \$1,955. Trade was light, however, and traders did oot believe the meeting of the Association of Coffee Producing Countries that broke up yesterday had contributed much to the price rise,

The ACPC yesterday reiter-ated its decision to keep in "Notwithstanding the results of the programme, prices do said the scheme last year tries," the organisation said. which resulted in 29m bags of exports between June and The ACPC said it has set up December, had led to a large a technical group to review the drop in coffee stocks held by market eituation and study consuming countries. Consumer stocks were at

hers. It will also work on the their lowest level for seven retention sc years at just below &n bags. after JUne. retention scheme to be in place

### Surinam backs off from logging debate

the logging venture.

#### By Canute James in Kingston

Mounting local and foreign opposition has forced legislators in Surinam to postpone a parliamentary debate about contracts that the government wants to award to a Malaysian company to log about 10m acres of rainforest. The proposed contract to the

Berjeya Gronp Berhard is being opposed amid charges, denied by the company, that it has a poor environmental record in logging in Malaysia. The inhabitants of the area that contains the proposed con-

#### COMMODITIES PRICES

debate of the contract should former Dutch colony on the north-east coast of Sooth take place after general elections, which are scheduled for before then. May 23. America. This follows objections to the "The people in the interior proposed contract to the Malaysians from local and forwill not accept the contracts in their piesent form," according to a statement from the recenteign conservationists. The ly-formed Surinam Democratic Dutch and US governments and the World Bank have also Union, the party created by the expressed reservations about tribes in the interior. weeks

cession, Amerindians and the the contract. Marcon tribe, which make up The proposed concession is 15 per cent of the country's in the Amazon Basin, and comprises about 10 per cent of Surinam. Government officials 400,000 population, have creeted a political party to oppose They say parliamentary

say the contract could ease pressure on the hard-pressed economy of the



**Coffee market hits 7-week highs** UK gas market. The lounch date has been put back about six weeks from March 1. An exact date has not been set.

launch of gas futures By David Lascelles. ources Editor The International Petroleum

By Deborah Hargreaves

World wheat ootpnt could

reach 553m tonnes this year -

up from 531m tonnes last year

- as producers in main export-

ing countries respond to sharply higher prices, accord-

ing to the International Grains

Council. The council reports in

its latest monthly outlook that prospects for this year's crop

been carrying since the collapse of the Reserve Price Scheme".

major customers, for price rises ranging from just under 5

per cent to over 7 per cent in the 1996 contract year. Broken Hill Proprietary, the

increases ranging from just under 5 per cent to 8 per cent

for its Mount Newman ore. BHP said that the increases equated to a price of 28.78 US cents a dry long ton unit for Mount Newman fines, up by 6 per cent on the 1995 figure, and

7.60 cents to 8.90 cents, or 13.3 per cent, over the past two years. The new prices will Within hours, Melbournebased North also announced a

tones. Mr Malcolm Broomhead

Shares of the major iron ore news of the Toyko negotia-

tions' outcome BHP was 18 cents higher at A\$18.63, while CRA increased by a similar amount to A\$19. Some nervousness had surrounded this year's negotiations, with Australian companies appearing anxious to lower expectations of a major price rise before the talks started. Market forecasts had been pitched around the 5 per

cent mark. In the previous year the Australian producers won their first iron ore price increase from the Japanese for three years - seven per cent on everage. However, the continued difficulties being faced by the Japanese steel industry were thought likely to make further

JOTTER PAD

lump, a rise of 4.99 per cent.

Australian resources group, was the first to reveal an outcome to the annual round of negotiations, saying it had won

Australian iron ore producers yesterday announced that they had reached agreement with the Japanese steel mills, their

with the guaranteed minimum volume of 12.5m dry long executive director of

increases tough to negotiate.

	Close         1972-343,5         197172           Previous         1550-51         1580-81           High/low         1547/1545         1588/1585           AM Official         1546/45,5         1575-75,5           Karb closa         1585-65,5           Open int.         216,396           ■ ALURINBUM ALLOY (\$ per torme)           Close         1365-75           Previous         1380-70           High/low         1405/1400           AM Official         1350-60           Open Int.         4,813           Total daily turnover         1,405/1400           AM Official         1350-60           Open Int.         4,813           Total daily turnover         1,413           ■         LEAD (\$ per torne)           Close         735,5-34,5	Jam         411.3         +3.3         412.0         407.1         1,551         28,203           Ang         412.9         +3.2         414.6         412.5         557         10,44           Oct         414.4         +3.1         -         -         -         -         -           Total         53,955         520,800         -         1         1         -         1         1         -         -         -         1         1         -         -         -         1         1         -         -         -         1         1         -         -         1         1         -         -         -         1         1         -         -         1         1         -         -         1         1         -         -         1         1         -         -         1         1         0         -	Sep         111.50         113.50         112.85         112.85           Jane         113.40         40.60         113.50         112.85         23         1.270           Jane         113.50         -0.75         -1.03.95         -1.03.95         -1.03.95         -1.03.95         -1.03.95         -1.03.95         -1.03.95         -1.03.95         -1.03.95         -1.03.95         -1.03.97         7.042           WryFEAT CBT (\$2,000.00 rmh; contart50.00 bushus)         May         460.275         -1.00         491.75         490.50         13.907         51.146           May         460.250         -2.25         453.50         450.50         13.907         51.145           May         460.251         -2.25         453.50         450.95         13.907         51.145           May         460.251         -2.400         451.00         427.00         632         6,031           May         300.00         +1.50         -         6         1.75         7         6         1.75           Jai         300.00         +1.50         -         6         1.75         7         6         1.75           Jai         300.00         +1.50         -         6	Supp         St72         -2         973         966         757         35,852           Dun         662         -2         662         368         297         10,959           Bits         1011         -6         1015         1007         441         27,160           Total         5         1017         41         27,11         253         5,652         31,000           Mar         1286         48         1271         1253         5,652         31,000           Mar         1286         48         1271         1253         5,652         31,000           Mary         1271         +8         1204         1273         1,996         21,000           Mary         1271         +8         1208         1302         19         8,788           Jail         1334         +8         1308         1326         51         9,544           Duc         1365         +5         1365         1305         100         6,570           Total         1396         +5         1365         1365         100         6,570           Total         1396         507         1365         100         6,770 <th>Avg         50.325         -0.100         60.575         50.325         982         5,758           det         61.675         -0.175         61.825         51.550         SH         5,172           pme         61.725         -0.200         61.875         61.825         51.550         SH         5,172           pme         61.725         -0.200         61.875         61.825         51.850         SH         5,172           pme         61.725         -0.200         61.875         61.825         54.825         92.633           thdt         20.000         61.875         48.550         45.575         3,821         9,573           Avr         44.850         +0.875         48.550         45.575         3,821         9,573           Jm         50.150         -0.200         50.376         62.575         3,421         1,823           Jm         49.050         -0.100         49.400         49.850         143         2,226           Aug         47.825         -0.400         43.203         7,730         93         3,259           Oct         44.150         -0.575         44.775         44.100         27         1,572</th> <th>SPOT GOLD LIVE 0331 333110 24 HOURS A DAY Calls charged at £1.50 per minute Market Data Centre, 19-21 Great Tower Street, London EC3R 5AQ Tel; 0171 522 0094</th>	Avg         50.325         -0.100         60.575         50.325         982         5,758           det         61.675         -0.175         61.825         51.550         SH         5,172           pme         61.725         -0.200         61.875         61.825         51.550         SH         5,172           pme         61.725         -0.200         61.875         61.825         51.850         SH         5,172           pme         61.725         -0.200         61.875         61.825         54.825         92.633           thdt         20.000         61.875         48.550         45.575         3,821         9,573           Avr         44.850         +0.875         48.550         45.575         3,821         9,573           Jm         50.150         -0.200         50.376         62.575         3,421         1,823           Jm         49.050         -0.100         49.400         49.850         143         2,226           Aug         47.825         -0.400         43.203         7,730         93         3,259           Oct         44.150         -0.575         44.775         44.100         27         1,572	SPOT GOLD LIVE 0331 333110 24 HOURS A DAY Calls charged at £1.50 per minute Market Data Centre, 19-21 Great Tower Street, London EC3R 5AQ Tel; 0171 522 0094
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	Kerb close 723-24 Open Int. 32,530 Total daily turnover 5,330	May 563.3 +5.8 568.5 558.0 562 14,424 Jai 567.4 +5.4 572.5 566.0 127 7,961 Sap 577.3 +0,3 575.0 570.0 66 9,402	Total 08,706 401,443 BARLEY LCE (E per torne)	May         1765         +41         1767         1737         4.257         12,538           Juli         1886         -27         1700         1865         2,022         4,066           Sau         1806         +33         1675         1647         620         2,245	LONDON TRADED OPTIONS	No.8,977 Set by VIXEN
	NICKEL (\$ per tonne)           Cicee         \$190.200         8280.300           Previous         \$260-70         8355-60           HighNow         8220         8445/8270           AM Official         8230-35         8330-35           Kerb close         8270-60         0pon int.           Opon int.         40.875         Total daily turnover           TDN (\$ per torme)         \$200.50         \$200.50	Dee         577.3         +5.2         582.0         577.0         415         8.002           Total         18,200         180,103         18,200         180,103           ENERGY         III. NYMEX (42,000         US gales, \$/berrel)         1.000           Latest         Daris         Open	Jan         113.25         +0.4         112.80         116         67           War         114.50         +0.40         114.55         112.80         12         742           May         114.52         +0.40         114.55         112.85         12         742           May         116.25         +0.43         114.55         118.00         27         395           Sup         106.00         +1.00         -         -         -         28           Nov         118.25         +1.00         -         109.00         -         129           Total         30         1.286         30         1.286         31         1.286           War         725.50         -8.75         736.00         725.00         25.877         22.335           May         732.10         -3.25         742.25         751.00         35.76         51.085           May         732.50        325         742.50         5.776         51.585         1.585	New         1948         +18         1950         1640         124         592           Tstal         11,000         36,040         11,000         36,040         36,040           III COFFEE 'G' CSCE (\$7,500Ber, cents/be)         36,040         36,040         36,040         36,040           War         111,75         +2.25         11,300         108,00         8,658         13,003           Way         110,45         +2.75         110,20         106,20         \$5,25         2,220           Sep         100,50         +2.20         105,50         107,25         118         1,005           Dec         107,75         +2.20         107,25         107,75         107,05         122         938           Bar         107,75         +2.20         107,25         107,25         118         1,005           Dec         107,75         +2.20         107,25         107,75         122         938	Statics price \$ tonne         Calts         Pots           # ALUMENSUM         [99.7%] LME         Feb         Apr         Feb         Apr           1600	
	Close         6305-15         6340-50           Previous         6285-305         6330-35           High/low         6315/6310         8450/8310           AM Official         6310-15         6330-60           Kerb close         6320-30	prios charge High Low Yel int Mar 17.86 -0.42 15.26 17.33 40.852 80,503 Apr 17.54 -0.34 17.99 17.52 20,504 43,282 Mary 17.43 -0.24 17.68 17.41 6,507 31,311	Aug         732.75         -6.50         732.00         732.01         147         2,904           Sup         705.00         -8.25         718.00         708.30         139         2,710           Nov         692.75         -7.75         702.00         682.50         2,457         34.081           Total         41,182         147,005         -61.01         -61.00         -61.01         -61.00         -61.01	Total         1,579.27/458           III COFFEE (CC) (US center/pound)         Jan 24           Jan 24         Price           Total         102.59           100.54         100.54	2500 60 62 23 84 2600 16 43 78 145 E COFFEE LCE Mar May Mar May 1500 455 283 28	
e E	Open Int. 14,691 Total daily turnover 4,442 ZINC, epecial high grade (\$ per tonne)	Jun 17.22 -0.20 17.55 17.50 6,591 33,765 Jul 17.25 +0.16 17.39 17.20 1,440 28,423 Aug 17.16 -0.14 17.25 17.16 1,523 17.259 Tetal 84,345380,316	SOYABEAN OIL CBT (50,000bit: canta/b)           Bar 24.11 -0.01 24.22 24.03 8.2035 44.494           Bay 24.45 - 24.70 24.45 2.2544 18.579           Jai 24.70 - 25.02 24.78 2.980 13.557	15 day brings	1550	17 18 220 21
	Previous         1045.5-46.5         1067-68           High/fow         1047/1046         1070/1058           AM Official         1046.5-47         1066-67           Karb close         1058-9         1058-9           Open Int.         76,134         1046.5-47	ECRUDE OIL IPE (S/barrel)         Open           price change High Low Vol int         Int           Mar 16.47 - 0.52 17.01 16.47 17.367 86,787         Apr 16.37 -0.25 16.84 16.37 5,371 25,780           Mar 16.19 -0.21 16.40 16.19 834 17,838         Int	Ang 24.93 +0.01 25.13 24.95 346 3.847 Sup 25.05 - 25.22 25.10 308 2.013 Oct 25.15 -0.05 25.30 25.18 57 1.545 Total 18,777 90,900 III SOYABEAN MEAL CBT (100 true; \$/ori)	May 10,90	BOD         22         50         14         20           ■ BRENT CRUDE IPE         Mar         Apr         Mar         Apr           1850         -         50         20         -           1700         -         21         25         30         -           1750         -         12         17         74         -	23 23 24 25 23
1	Total daily turnover         42,648           ■ COPPER, grade A (\$ por 10nne)	Jam         16.02         -0.22         16.40         16.13         1.62         1.7.258           Jam         16.02         -0.22         16.24         1.63         1.62         16.42           Jam         15.07         -0.77         18.16         15.97         129         6,303           Aug         16.05         -0.01         16.05         160.55         60         4,660           Total         27,404         182,709         27,404         182,709         115         98.2,705           HEATHNGI CAL, MWEX (42,000 US gath; c/US gath;)         -0.15         98.00         1.5         98.0         1.5	Nm         220.1         -5.1         274.3         220.0         9.940         48,810           May         232.6         -4.8         236.6         232.4         4.284         15,827           Jai         232.5         -4.8         236.6         232.4         4.284         15,827           Jai         231.5         -4.2         205.1         271.5         536         2,915           Amy         228.9         -3.6         230.0         227.9         177         2,149           Quet         219.0         -2.8         220.5         219.5         5         1,212           Total         1         10.9         50.02         201.9         12.05         5         1,212	Nur         352.7         +2.2         362.6         360.5         287         10,287           Nury         351.2         +2.9         260.5         37.3         B04         9,860           Amp         351.7         +1.4         353.7         322.5         887         4,882           Out         307.3         +0.5         307.3         302.5         287         3,883           Dec         200.7         +0.7         201.0         301.0         2         289           Mar         298.5         +0.7         301.0         301.0         2         289	LONDON SPOT MARKETS CRUDE OIL FOB (per berrei/Mar) +07- Dubel S13,75-5,101w -0.800 Brant Biend (sktad) \$17,70-7,05 -0.395	27
Ċ	2484-5           Open int.         172,203           Total daily turnover         55,820           LME AM Official 2/5 rate: 1.5173           LME Closing 2/5 rate: 1.5176	Latest Day's Open price change High Low Yel int Feb 51.70 -1.12 \$325 \$1.50 22,178 24,594 Mar 51.20 -0.87 \$2.45 \$1.10 14,737 32,207 Apr 49,50 -0.67 \$0.35 49,35 3,187 14,254	Image: PotaTOES LCE (D/tonne)         PotaTOES LCE (D/tonne)           Image: PotaTOES LCE (D/tonne)	Tetal         1,838         32,867           III SUGAR '11' CSCE (112,0005ex cerns/bs)         Sur 11.72         +0.05         11.77         11.84 10.400         58,285           Mar         11.72         +0.05         11.77         11.84 10.400         58,285           Mar         11.97         -0.08         11.72         2.425         37.282	Brant Bland (Mar) \$16.80-0.650.345 W.T.L \$17.73-7.74₩ -0.430 ■ OIL PRODUCTS XWE prompt delivery CIF (conne) Premium Gasetine \$166-168	ACROSS 7 Expert holding mean bungler
	Spat: 1.5070 3 mille: 1 5043 6 mille: 1 5016 6 mille: 1.4988 HIGH GRADE COPPER (COMES)	Mary         47.75         -0.77         45.50         47.75         1.121         7.034           Juna         47.70         -0.82         47.70         47.05         2.013         9.510           Juna         47.20         -0.87         47.55         47.20         421         5.556           Total         47.20         -0.67         47.55         47.20         421         5.556	Juny 325.0 Total 37 999 III FR25(dHT (BIFFEX) LCE (\$10/index point) Jun 1520 +10 1520 1515 20 923	Jail         10.24         +0.07         10.29         10.16         4.005         21,755           Oct         10.01         +0.03         10.05         8.86         1.008         21,255           Mar         8.65         +0.03         9.05         9.78         182         12,261           Mary         8.70         +0.02         9.77         9.70         48         2.020           Total         2.70         +0.02         9.77         9.70         48         2.020	Gas Cfl         \$159-160         +1           Heavy Fuel Cil         \$25-97            Naphtha         \$166-189         -1           Jat fuel         \$179-181            Diasel         \$164-165	1 To help retired folk, 5(8)       liable (8)         5abuse one in traffic (8)       6 Looks on metal containers as         9 Give voice about a boy wanting fresh food (8)       11 Some rather big leaves used         10 Cut string that's tough (6)       by the cook (4)
ľ	Sett         Day's         Open         Open <thopen< th="">         Open         Open         <th< td=""><td>■ GAS Oil, FE (5/lonne) Satz Day's Open price change High Law Vel bit Fair 155,25 - 157,50 154,75 7,860 25,073 Bitr 162,75 -1,00 155,00 152,50 4,823 16,008</td><td>Feb         1455         +5         1455         1455         52         449           Mar         1455          1455         1455         72         408           Apr         1453         +13         1465         1440         164         1,386           Jat         1336         +16         1360         1330         21         1,080           Dat         1405         -         1415         1405         59         316           Telat         340         4408         4408         4408         144         1</td><td>B         COTTOM NYCE (50,0000x; cents/lbs)           Mar         67.74         +1.32         68.25         66.42 (3,622 20,365           May         67.22         +1.05         67.70         86.00 4,511         12,840           Jad         86.30         +1.02         88.70         45.20         1,912         7,960           Det         88.45         +0.25         80.10         233         1,758</td><td>Petoleum Argus. Tel. London (0177) 358 8792 ■ OTHER Gold (per troy cz)5 \$407,00 +4.10 Silver (per troy cz)5 \$508,50 +7.5 Petoleum (per troy cz) \$421,00 +8.15</td><td>12 The sum required for building work (9)       15 Left flat on a bed and in a bad way (9)         13 Taking time to muse (5)       17 Initial care needed to get an evergreen settled (5-3)         14 Make progress with due deference (4)       16 Tha odd people he would</td></th<></thopen<>	■ GAS Oil, FE (5/lonne) Satz Day's Open price change High Law Vel bit Fair 155,25 - 157,50 154,75 7,860 25,073 Bitr 162,75 -1,00 155,00 152,50 4,823 16,008	Feb         1455         +5         1455         1455         52         449           Mar         1455          1455         1455         72         408           Apr         1453         +13         1465         1440         164         1,386           Jat         1336         +16         1360         1330         21         1,080           Dat         1405         -         1415         1405         59         316           Telat         340         4408         4408         4408         144         1	B         COTTOM NYCE (50,0000x; cents/lbs)           Mar         67.74         +1.32         68.25         66.42 (3,622 20,365           May         67.22         +1.05         67.70         86.00 4,511         12,840           Jad         86.30         +1.02         88.70         45.20         1,912         7,960           Det         88.45         +0.25         80.10         233         1,758	Petoleum Argus. Tel. London (0177) 358 8792 ■ OTHER Gold (per troy cz)5 \$407,00 +4.10 Silver (per troy cz)5 \$508,50 +7.5 Petoleum (per troy cz) \$421,00 +8.15	12 The sum required for building work (9)       15 Left flat on a bed and in a bad way (9)         13 Taking time to muse (5)       17 Initial care needed to get an evergreen settled (5-3)         14 Make progress with due deference (4)       16 Tha odd people he would
	Apr 11225 -255 11325 111.00 543 6,136 New 111.16 -255 11325 111.00 543 6,138 Jan 110.40 -250 - 2 727 Total 8,256 46,962	Apr         150.90         -1.25         152.75         150.25         1,424         7,970           Noty         148.50         -1.00         150.75         149.00         482         3,538           Just         147.75         -0.75         149.50         148.25         122         5,122           Just         147.75         -0.50         148.25         148.00         80         4,546           Table         147.75         -0.50         148.25         148.00         80         4,546	Giom Prev 87 1828 1539	Dec         72.25         +0.10         78.25         77.00         1.163         11,725           Nor         78.35         +0.07         78.00         78.30         12         965           Total         21,827         57,916         21,827         57,916           ORANGE         AUGE NYCE (15,0000bs; canta/bs)         21,827         57,916	Pasiadorn (per troy cz.) \$122,00 +0.75 Pesiadorn (per troy cz.) \$129,00 +0.75 Copper 119,0c Leed (JS prod.) 41,75c Th (Quala Lampur) 15,86m +0.04	16 The dotty type! (7)       allow 6 private viewing (8)         16 Unusually nice lad from the country (7)       20 A suggestion to discourage (4)         21 The head outsily sconfied (4)       21 Shave beforehand and get
1	PRECIOUS METALS LONDON BULLION MARKET (Prices supplied by N M Rothechild) Constitution and \$ price £ equiv SFr equiv	NATURAL GAS MONEX (10,000 mmBhu; \$mmBhu] Latest Day's Open price change High Law Vol Int Set: 2470 -D.023 2,498 2,340 58,976 18,646	FUTUREES DATA All futures deta supplied by CMS.	Insr         117.45         +1.35         117.50         \$15.50         842         15.243           May         119.25         +1.85         118.20         118.00         257         3.776           Jai         121.15         +1.45         121.15         119.25         281         1.325           Samp         122.55         +2.05         122.75         121.25         421.25         421.35           New         119.70         +1.20         118.70         119.70         41         537	Tin (New York)         298.5c           Caste One weight)         119.36p         +1.54*           Sheep of two weight)         119.36p         +3.4*           Pigs (Ive weight)         111.03p         +8.28*	<ul> <li>24 Spoke about the little page 23 Artificial flowers (6)</li> <li>being most pleasant (5) 23 Imprisoned nowedays for a</li> <li>25 Think to put money into five year stretch (6)</li> <li>some high-risk investment (9) 26 The employment of superior</li> </ul>
	Close 405.80-407.20 Opening 402.50-402.90 Memory fix 403.35 266.027 478.575 Memory fix 406.60 268.347 482.309	Bur         2.080 ±0.011         2.120         2.020 18,156         25,428           Apr         1.925 -0.014         1.965         1.910         2.925         15,108           May         1.020 +0.001         1.950         1.940         2.900         18,128           May         1.840 +0.001         1.950         1.980         2.980         13,128           May         1.840         1.950         1.980         2.980         13,128	Wool Prices of wool excitons this week want gener- ally a Ride rester. Changes were only small and not invariably changer, however, so the overall	Jan         118.95         +1.20         120.00         119.00         98         1.202           Feature         1,844         23,611         1,844         23,611           VOLUME         DATA         0pen         Interrest and Volume data shown for contracts maded on COMEX, NYMEX, CBT.	Lon, day sugar (wa) \$315,0 +0.4 Lon, day sugar (wa) \$376.0 +1.0 Barley (Eng. 1940) 119.0u Kebbe (US No3 Yellow) 41.73z Whest (US Dark North) Log	27 A witty saying about a continent lot (6)       natural flavouring (5)         28 Force might affect one's view of things (8)       Solution 8,976
t f	Day's High 407.80-408.00 Day's Low 402.50-402.90 Prevous close 402.70-402.10 Loco Lim Mean Gold Lacding Rates (Va USS) Loco Lim Mean Gold Lacding Rates (Va USS) 1 month	Jal 1.820 -0.004 1.835 1.600 478 8.851 Total 77,478148,782 ■ UNLEADED GASOLINE MYNEX (42,000 US gala.: c/US pairs.)	market impression is of actinese but no deli- niase decline beyond 1965% low points. The Australian eastern market indicator anded at 510 cants, from 617 a week before, the west- em indicator was 553, 10 cants lower than two	NYCE, CME and CSCE are one day in armers.	Rubber (Feb)学 104.75p -0.50 Rubber (Mar)学 104.75p -0.50 Rubber (02, RSS No1) 391.00m Caconat O& (Pth) 5 5745.0v -2.5	29 Fears sadder outcome (6) 80 Leftist accepting a few lines must be withdrawn (8) DOWN
	2 months	Latari Day's Dyna price change High Low Vel int Feb 53.80 -0.40 54.90 53.70 9,601 15,578 Nar 53.10 -0.38 53.90 53.00 5,867 21,8778	wasks before, and New Zealand's indicator . was 10 cents lower than test week at 513, Growers are again withdrawing wool rather than see it nell at what they fool are unstituing- tory prices, the proparticipient 15% of the	E REUTERS (Base: 18/9/51=100) Jan 25 Jan 24 month ago year ago 2144.2 2152.0 2085.1 2275.0	Patro OB (Adaley,15) \$555.07 +10.0 Copra (Phill)5 478.0 Soyabeans (USS 211.0 Cotton Outlook'A' Index 87.20	1 Act before a girl mounts e hanging in the church (6) 2 Charge everybody say a quar- ter (5)
· 3	Sport 363.40 557.80 3 months 363.40 563.45 5 months 372.80 563.45 1 year 382.40 576.30	Apr 55.05 -0.30 56.15 55.50 2.232 12.532 May 55.05 -0.30 56.15 55.50 994 7.735 Jan 54.30 -0.35 55.00 54.30 888 3,850 Jan 53.70 -0.10 53.90 53.95 511 3,851 Tetal 20,448 67,100	total offening in Justima on Jeruary 24, Demand 29% in New Zealand on Jeruary 24, Demand from consuming countries in Europe and the Far East nemains sluggistuard while the wool industry- may not be in deep recession, depressed and competitive trading is general.	GRB Fotures (Best; 1967=100)         Jan 24         Jan 23         month ago year ago 242,57         241,96           GRC Spot (Base: 1970=100)         GRC Spot (Base: 1970=100)         Jan 24         Jan 25         month ago year ago 188.13         187.45         200.88         177,90	Wooliops (54s Super) 450p 5 per tonne unique otherwise statistic, o percentio, o certarito, r inspathig, in Mellysian cereating, a Jan, a Feb. P w Mar. y Pathier, x OurDec, London Physical, § CEP Rotlandem, §- Buffion marial stoce, 4 Steep (Live weight splast), * Change on wear † Prices are for previous day.	2 The crest where soldiers pos- stbly dig in (5) 4 Wound dressing (7) 6 Coarse yet popular English supporter, a hard worker (9)

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#### **INTERNATIONAL CAPITAL MARKETS**

# **Rising gold prices and default** concerns drag Treasuries lower

By Lisa Bransten in New York and Martin Brice in London

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US Treasuries were hit by rising gold prices, supply pres-sures and fears of default, causing European government bonds to erase their early gains. French bonds slipped on disappointment an expected interest rata cut failed to arrive and UK gilts fell through support levels in technical trading. German bonds fell in spite of data pointing to weak inflation, and Swedisb bonds had another volatile day.

 An increase in gold prices, supply pressures generated by Wednesday's anction of fiveyear notes and nervousness about a possible default by the US sent Treasury prices lower in early trading yesterday. Near midday, the benchmark

30-year Treasury was H lower at 110 , to yield 6.095 per cent, while at the short end, the twoyear note was off 1 at 99%. yielding 5.100 per cent. In early trading, the five-year

note led the market lower as dealers distributed bonds purchased at Wednesday's anction. By early afternoon, the five-year Treasury was 🛓 lower at 995, to yield 5.380.

Mr Kevin Sluder, a senior fixed-income trader at First Chicago NBD, attributed yes-terday's losses mostly to distribution of the securities from the auction, but said there were some "jitters" in the market about the possibility that the US could default on its obligations

Lata Wednesday, Moody's Investor Services, the US credit rating agency, sent a chill through the soaring market by putting \$337bn of US Treasury debt on review for a potential downgrade.

Treasury Secretary Robert French bonds were unset-Rubin said earlier this week that the Treasury would not be able to meet its obligations

after March I unless Congress raised the federal borrowing in Treasuries. On Matif, the March 10-year future settled at

morning trading, the price of gold pushed through \$107 an

ounce, its highest level in 21/3

Economic data out yester-

day, however, was supportive

of the consensus that the econ-

omy is slowing. Existing

GOVERNMENT

BONDS

until last week.

with

look.

imit.

years.

122.92, down 0.02, while March Also putting pressure on Pibor fell 0.06 to 95.32. The bonds were gains in the price of gold and rumours that some spread over 10-year German paper tightened 4 basis points large hedge funds were selling bonds to buy gold. In late

Italian bonds were troubled by domestic politics, and the spread over Germany widened 10 basis points to 446. In a volatile day's trading, the future opened at 112.55 and hit a low 111.45 before closing at 111.53, down 0.88.

a bout of profit-taking and sentiment was affected by the lack of progress in agreeing a new government.

homes sales fell 3.2 per cent in December to 3.9m, the first Swedish bonds had a volatime since July that they have tile day and the yield spread been below 4m. There were 97,000 new claims for unemover German 10-year paper widened from 245 basis points ployment benefits last weak, to 262 basis points. The yield on five-year paper rose 23 basis points, although some traders said the market was oversold tha biggest jump since July. However, analysts attributed at least part of tha rise to the blizzard and the government and there might be a squeeze shutdown that caused many today. Much of the selling was said to have been done by people to put off filing claims domestic investors.

Mr James Stewart, head of research at Enskilds, said: German bonds started strongly but fell later in line "Although there are risks in Treasuries. Economic this market, it would be unwise to exaggerate them. On a fundamental basis, there is data from Baden-Wnerttemberg and Bavaria had little impact since it merely conclear evidence of a slowing of firmed a benign inflation outgrowth and a moderation of inflation The yield on benchmark two-

year paper rose 1 basis point and that on 10-year paper by 3 basis points, with the spread between the two maturities UK government bonds spent the day in largely technical trading after opening firmer on the back of the surge in Treaincreasing 2 basis points to 226. suries overnight and strength in the bund market. The long gilt future on Liffe tested the On Liffe, the March 10-year bund future closed at 100.63, down 0.55 on the day. The yield 112.08 level and ran into spread of 10-year bunds over Treasuries moved from 10 aggressive selling that drove it down to close at 111#. off %. A basis points to 8 basis points. trader said: "The rot had set in before the US opened."

The 10-year yield spread over Germany widened by 3 basis pints to 165, and some traders say it could go to about 175

Yield spread . Sweden over Germany 10-year government bonds 4.8

4.4 **4** WA 4.0 -3.8 -28 24 Traders said there had been 2.0 Apr 1995

Source: FT Edd.

before the auction on Wednesday of the 8 per cent stock, due 2000. Supplies of that bond have become tight; some traders attribute this to attempts by large investors to acquire much of the stock before that anction, making it expensive

for others to short it. The Bank of England yesterday outlined its plans for an official facility to strip UK goverament bonds, allowing the principal and coupon of a bond

to be beld and traded separately, writes Richard Lanner, The plans wera first ed last year. annou The Bank confirmed that strips would "probably not" be

introduced before the introduction early next year of the electronic gilts settlement system. It said both coupon and principai strips would be fully fledged gits and liabilities of

the UK government. It added that strips would be traded in the same way as coupon-bearing gilts and that ini-tially only conventional gilts rather than index-linked gilts would be stripped. The Bank said it did not

intend to issue zero coupon gilts directly. This possibility, traders at both markets, and and the possible extension of senior figures in the US derivstripping to the index-linked market would be considered in atives industry, including Mr Leo Melamed and Mr Richard the light of experience.

exchanges to discuss merger By Richard Lapper

Chicago

Chicago's two futures exchanges are to examine the potential "for common initiatives, including a possible merger", following a meeting this week between senior exec-The move revives an idea which was dowuplayed earlier this month by the Chicago Board of Trade (CBoT) and the Chicago Mercantile Exchange (CME), the world's two biggest organised deriva-

the potential for co-operation.

the committee, whose other members include representatives of member firms and

# **Bayerische Landesbank** issue hit by fall in prices

#### By Conner Middelmann

the timing had been "unfortu-nate", but said that the "issuer wanted to do the deal then". Volatile conditions in the The 10-year D-Mark sector underlying government bond markets spelt a turbulent ride was in poor shape yesterday, for some of yesterday's new bond issues.

staggering under the weight of soma DM6.5bn of recently in the D-Mark sector, the big-gest casualty of the late decline issued bonds. As a result, spreads on new bonds have widened by about 3-4 basis points from their launch levels, prices was a DM1.5bn 10-year issua for Bayerische Landesbank, launched late in dealers said. the day. Priced at 25 basis In the US dollar sector, two points over bunds, the yield spread narrowed to 22 basis issuers managed to exploit a loophole in regional Swiss tax points as the underlying bund INTERNATIONAL market spiked lower, and widened to 27 basis points after BONDS the bonds were freed to trade.

The handling of the issue sparked widespread criticism regimes, which treats capital from underwriting banks. "The gains accruing to private invesmarket was collapsing when tors in certain cantons more they priced it - to price a fixed favourably than income, by jumbo into a falling market is issuing low-coupon bonds at a a disaster," said one dealer. Another added: "It would have discounted price. BNG, the Dutch municipal been more sensible to market bank, took advantage of this it on a spread basis overnight opportunity to issue \$200m of 8 and to price it in the morning." CS First Boston, joint lead per cent, five-year bonds at a 89.80 re-offer price, yielding flat on US Treasuries. "Investors manager with Bayerischs Vereinsbank and JRJ, admitted est a lot of moside from the

loophole, so they are willing to take paper that's flat to Trea-suries," said a syndicate manager at lead manager ABN AMRO Hoare Govett.

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Shortly afterwards, SBC Jersey Branch tapped into the same pool of investors with a \$250m issue of 3 per cent fiveyear bonds via SBC Warburg. Dresdnar Finance issued \$300m of six-year bonds target-ted mainly at European retail investors, although some also went to UK institutions, said a dealer at Merrill Lynch, joint bookrunners with DKB and Dresdner Bank. The bonds ielded 24 basis points over the

five-year Treasury. Abbey National was busy in the sterling sector. It reopened an issue of perpetual preference shares it launched last October, doubling it by another £100m. The paper was priced to yield 185 basis points over

Abbey National also did a £75m structured floating-rate note issue via BZW, driven in part by a handful of large institutional buyers.

NEW INTERNATIONAL BOND ISSUES									
Bonower US DOLLARS	Amount	Coupon	Price	Metarity	Feet	Spread	Book ranter		
Dreedher Finence	300	5.625	98.837R	Feb.2002	0.2758	+24(5%%-01)	DKB/Dreadner/Marili Lynch		
SMC Corp.(a)	. 300	3,125	100.00	Feb.2001	2.25		Nideo Europe		
SBC Jersey Branch	250	3.00	69.82R	Feb.2001	0.25R	fiet(5%%-01)	SBC Warburg		
BNG	200	3.00	39.80R	Feb.2001	0.256	flat(Wi 5yr)	ABN Amo HG/PalneWebbe		
CSFP(b)	60	2.00	101.25	Feb.2000	0,65	-	CS First Boston		
D-MARKS		• •							
Bayerische Landasbank	1,5bn	6.00	90.53R	Feb.2006	0.325R	+25(6%-05)			
BGZ Bark	300	6.75	101_80	Feb.2003	2.25		ABN Amro/Lehmen Bankhet		
Spinsht	200	6	99.964	Feb.1998	0.10.	-	SBC Warburg -		
Y Pentanbenic	100	(0)	95.50R	Mar.2006	0.325R.		Morgen Stanley Bank		
STERLING Loboy Nati Transury Sarvicent	75	(a)	100.00R	Feb.1998	0.10R		Berclays de Zoete Wedd		
LIDENBOURG FRANCS									
Knadietbenk Luxembourg	2bn	6.375	102.75	Mar.2006	2.00		Knedetbank Luxembourg		
ridit Local de France()	2bn	- 6.75	102.30	May 2003	1,876		BIL		
UISTRALIAN DOLLARS	100	7,50	101.075	Mer.2000	1.75	: _ ·	ABN Amra Hoare Govett		
SOUTH AFFLICAN RAND Deutsche Finance(Nethe)	250	18.00	101.15	Feb.2001	1.60		Deutsche Morgan Granfal		
CZECH KORUNA	200			Pub 1000					
Swedish Export Credit	200	10.00	100.34R	Feb.1997	0.25R	- · ·	Bayerische Vereinsbenk		

wa permuta cangapara ay conversione and gold at \$425 per ounce. Cash settled, c) 6-mith Libor fist. c) 1 Libor +15bp for 1st yr, 3-mith Libor flat or 7% pa fixed interestar at leavers option. 3 Long 1st coupon.

tled by the weaker franc yes-terday, the lack of a cut in the intervention rate and the fall

WORLD BOND PRICES BENCHMARK GOVERNMENT BONDS	BUND FUTURES OPTIONS (LIFFE) DM250,000 points of 100%	PT-ACTUARIES FOOD INTEREST INDICES
Red Day's Weak Month Coupon Date Price change Vield ago ago	Striker CALLS PUTS PUTS	- Price Indices Thu Day's Wed Approach ad adj Low coupons yield Medium coupons yield
Australia 10,000 02/06 113,4900 +0.820 8.02 6,19 8.33	10050 0.77 0.65 0.87 1.07 0.45 1.05 1.27 1.47 10100 0.50 0.45 0.68 0.84 0.68 1.25 1.56 1.74	1 Up to 5 years (22) 124.02 -0.04 124.07 2.65 0,12 5 yrs 6.78 6.74 8.68 8.31 6.78 8.68 6.89 8.88
Austria, 6.500 11/05 102,6000 - 6,13 6,11 6,50 Belgium 6,500 03/05 101,3500 -0,160 6,30 6,30 6,72 Canada * 8,750 12,005 111,3700 -0,400 7,12 6,99 7,38	10150 0.30 0.30 0.48 0.88 0.88 1.70 1.88 2.08	2 5-15 years (21) 151,96 -0.30 152,41 2,70 0.00 16 yrs 7,59 7,54 8,54 7,63 7,58 8,66 7,71 7,69 3 Over 15 years (8) 198,17 -0.45 168,94 2,46 1,02 20 yrs 7,70 7,66 8,51 7,73 7,69 8,69 7,77 7,74
Denmark 8.000 03/06 108,5400 +0.990 6,80 6,88 7,34	Est, vol. Ineni, Calla 23485 Puni 13831. Previous day's open int., Calla 199864 Puni 171239	4 tradmentables (10) 194,89 +0.26 194,38 2.24 0.00 kmed.; 7,75 7,77 8,58 5 All stacks (57) 146,34 -0.24 148,88 2,68 0.21
OAT 7,250 03/06 105,3200 -0,470 6,38 6,31 6,85	Haly I Notional Malan Govt, Bond (BT?) Futures	index-linited lan 24 Yr, ego Jan 25 Jan 24 Yr, ego
aland 8.000 08/08 105.9500 +0.050 7.24 7.22 7.48	(L#FE) Lina 200m 100ths of 100%	e Up to 5 years (1) 198.46 +0.01 198.44 2.21 0.00 Up to 5 yrs 2.37 2.38 5.09 1.10 1.09 2.67
pen No 129 6,400 03/00 117,9960 +0.170 1.73 1.69 1.35	Open Sett price Change High Low Est. voi Open Int. Mar 112.55 111.49 -0.92 112.55 111.45 60787 62554	7 Over 5 years (11) 190,24 -0.23 190,86 1.14 0.00 Over 5 yrs 3,82 3,50 3,94 9,31 3,29 3,74 8 All stocks (12) 190,29 -0.23 190,72 1.18 0.00
No 174 4.600 09/04 111,2380 +0.280 2.97 2.92 2.65 heriends 6.000 01/06 101,1200 -0.320 5.85 5.77 6.11	Jun 112.20 111.03 -0.91 112.20 111.10 238 2953	Average gross redemption yields are above above. Coupon Bench: Low: 016-75%L Medium: 016-10%%; High: 11% and over, † First yield, yiel Year to date,
ugal 11,875 02/05 115,8800 -0,060 9.21 8.21 10.14 n 10,150 01/08 103,4000 -0.380 9.45 9.28 10,01	E ITALIAN GOVT. BOND (BTP) FUTURES OF TIONS (UFFE) Un200m 100ms of 100% Strike PUTS	
den 6.000 02/05 86,0610 - 8.25 7.92 8.70 Situs 8.000 12/00 105-09 -8/32 8.70 6.55 6.83	Price Mer Jun Mar Jun	
8.500 12/05 107-24 -17/32 7.38 7.24 7.42 9.000 10/08 111-25 -20/32 7.54 7.42 7.59	11150 1.20 2.19 1.21 2.05	FT FDCED INTEREST LINDICES Jun 25 Jun 24 Jun 23 Jun 22 Jun 19 Yr ago High' Low Jan 24 Jan 23 Jun 22 Jun 19
Treasury* 5.875 11/05 101-12 -20/32 5.69 5.54 5.73 6.875 09/25 110-17 -27/32 6.10 5.98 6.06 (French Gov0 7.500 04/05 105.2500 -0.300 8.21 6.64 7.11	11200 0.95 1.96 1.46 2.93 Est. vol. tolai, Calla 5785 Pasa 2578. Previous day's open int., Calla 75028 Pasa 81953	Govt. Sees. (UK) 95.09 98.15 95.99 96.22 90.01 96.34 50.22 GBt Edged bergalos 84.1 98.7 95.5 101.9
ion closing, 'New York mid-day' Yields: Local manust viewdard.	Spain	Pland Internet: 114.91 114.73 114.74 115.23 116.01 100.11 115.23 198.77 6-day sverage 96.4 99.3 98.4 95.5 "to 1995/05 Someonest Eacontes High since completion: 127.46 (#1/35), for 48.18 (\$1/75). Find Internet high since completion: 133.87 (21/194), tow 83.03 (\$1/175). Bools 100: Covernment 5 10/05 and Pland Internet 1026.85 existing indication: 127.46 (#1/35), for 48.18 (\$1/175). Find Internet high since completion: 133.87 (21/194), tow 83.03 (\$1/175). Bools 100: Covernment 5 10/05 and Pland Internet 1026.85 existing indication: 127.46 (#1/35), tow 48.18 (\$1/175). Find Internet high since completion: 133.87 (21/194), tow 83.03 (\$1/175), Bools 100: Covernment 5 10/05 and Pland Internet 1026.85 existing indication: 127.46 (#1/35), tow 48.18 (\$1/175), Find Internet high since completion: 133.87 (21/194), tow 83.03 (\$1/175), Bools 100: Covernment 5 10/05 and Pland Internet 1026.85 existing indication: 127.46 (#1/35), tow 48.18 (\$1/175), Find Internet high since completion: 133.87 (21/194), tow 83.03 (\$1/175), Bools 100: Covernment 5 10/05 and Pland Internet 1026.85 existing indication: 127.46 (#1/35), tow 48.18 (\$1/175), tow 48.18 (\$1/175), Find Internet 100; to a state of the sta
oss (including) withholding tax at 12.5 per cent psychib by norvealdants) es: US, UR in 32nds, others in clocimet Source: MMIG international	NOTIONAL SPANISH BOND FUTURES (METT)	19/28 and Flood Interest 1988. SE activity indices rebased 1974.
S INTEREST RATES	Open Setzprice Change High Low Est. vol. Open int. Mar 96,15 97.28 -0.61 98.19 97,18 74,541 55.870	
at Treasury Bills and Bond Yields		FT/ISMA INTERNATIONAL BOND SERVICE
Othe pondia         5.52         Two year         5.12           Brada	UK NOTIONAL UK GELT FUTURES (UFFE) ES0.000 32nds of 100%	Listed are the latest insurational bonds for which there is an adoquate secondary market. Latest prices at 855 per on January 25 ' Insured Bid Offer Chy, Yield Insured Bid Offer Chy, Yield Insured Bid Offer Chy, Yield Insured Bid Offer (
r tota         8½         740 exonth         5.26         Three year         5.21           r tota rate         7%         Three month         5.12         Five year         5.41           wide         6.3         51x month         5.11         10-pear         5.17           wide         5.05         5.05         5.05         5.05         5.07         6.11	· Open Sett price Change High Low Est. vol Open Int.	LLS, DOLLAR STRAIGHTS Sweden B 97 2500 1074 1075 3.70 Above Mail Teverary 8 03 P 1000 1074 1074
	Mar 112-04 111-11 -0-20 112-08 111-05 57400 146382 Jun 111-18 110-20 -0-21 111-18 119-29 585 883	Abbry Net 7metery 5 97 1000 BPy; 934; 5.39 United Kaydom 74 97 5500 106 108 3.53 Alliance Unice 113; 97 P 100 1057; 1081; Abbry Net Timesury 55 00 100 1057; 1081; 4.10 10
	ILLONG GILT FUTURES OPTIONS (LEFFE) ES0,000 64ths of 100%	
	Strike CALLS PUTS Price Mar Apr Mary Jun	Alberta Province 7% 88 1000 1005 <sup>1</sup> 2 1005 <sup>1</sup> 41 5.40 Hallion 10 <sup>1</sup> 9 97 P 1003 1004 <sup>1</sup> 8 1004 <sup>1</sup> 8 1004 <sup>1</sup> 8 Alberta Province 7% 88 750 102 <sup>1</sup> 9 750 102 <sup>1</sup> 9 500 1005 <sup>1</sup> 9 1004 <sup>1</sup> 8 Hallion 10 <sup>1</sup> 9 97 P 500 1005 <sup>1</sup> 9 1004 <sup>1</sup> 8 1005 <sup>1</sup> 8 1004 <sup>1</sup> 8 1005 <sup>1</sup> 8 105 <sup>1</sup> 8 10
ed futures and options	111 1-09 1-10 1-33 1-60 0-51 1-34 1-57 2-10 112 0-40 0-49 1-05 1-21 1-18 2-09 2-29 2-45	Austria 6 <sup>1</sup> / <sub>2</sub> 00 400 110 <sup>1</sup> / <sub>1</sub> J <sub>1</sub> 5.54 Austra 6 <sup>1</sup> / <sub>2</sub> 00 geneta 0 16 500 30 <sup>1</sup> / <sub>2</sub> 39 5.05 HSEC Hotelings 11.69 02 2 153 118 118 <sup>1</sup> / <sub>2</sub> Backer-Waunt L-Ph 5 <sup>1</sup> / <sub>2</sub> 00 1000 105 <sup>1</sup> / <sub>3</sub> 105 <sup>1</sup> / <sub>3</sub> - J <sub>2</sub> 5.55 Austra 6 <sup>1</sup> / <sub>2</sub> 00 1000 105 105 <sup>1</sup> / <sub>4</sub> 4 <sup>1</sup> / <sub>2</sub> 2.91 baby 10 <sup>1</sup> / <sub>2</sub> 14 2 400 115 <sup>1</sup> / <sub>2</sub> 116 <sup>3</sup> / <sub>3</sub>
	113 0-22 0-31 0-48 0-63 2-00 2-55 3-08 3-23 Est. vol. total, Calls 4710 Puts 2180. Previous day's goen mt., Calls 25128 Puts 23075	Bark Med Geneenzen 7 69 1000 1045 1045 5.53 Counce Burger 44, 88 250 1044 1054 2 2.36 Japan Dav Bk 7 00 2 200 1005 1005 1005 1005 1005 1005 1005
nce Thomal Friench Bond Futures (Matif) Fris00,000	Ecu	Beigum 5 <sup>1</sup> / <sub>2</sub> 03 1000 05 <sup>1</sup> / <sub>4</sub> 87 - <sup>1</sup> / <sub>8</sub> E03 EB 3 <sup>1</sup> / <sub>4</sub> 36 1000 104 70 <sup>4</sup> / <sub>4</sub> - <sup>1</sup> / <sub>8</sub> 2.35 Ontako 11 <sup>1</sup> / <sub>8</sub> 01 £ 100 115 <sup>1</sup> / <sub>8</sub> 115 <sup>1</sup> / <sub>8</sub> BFCE 7 <sup>1</sup> / <sub>4</sub> 97 300 114 114 <sup>1</sup> / <sub>2</sub> 4 <sup>1</sup> / <sub>4</sub> 4.75 Powergen 6 <sup>1</sup> / <sub>9</sub> 03 £ 230 105 <sup>1</sup> / <sub>4</sub> 108
Open Sett price Change High Low Est. vol. Open int.	ECU BOND FUTURES (MATH) ECU100,000	Britter Columbia 7 1, 02 500 10914 10912 _1 5595 Ristand 74, 99 300 11412 1142, +1 3.14 Sweet Tweet 1112 59 2 150 113 11312 Britter Columbia 7 1, 02 500 10914 1514 _1514 _1 771 Lonient 179, 00 100 11412 _+1 2 4.04 Tokyo Bec Power 11 01 2 150 11534 11614
123.10 122.92 -0.02 123.14 122.62 122.160 138.093 123.62 123.46 -0.02 123.66 123.40 1.331 12.695	Open Sett price Change High Low Est. vol. Open int.	Canada 5/2 57 2000 1074 1037 5.19 Jate Anno Dar 4/2 00 500 101 1047 4.12 1024 Fin 5/2 02 75 1037 1037 03/2 Chang Kang Fin 5/2 98 500 974 974 8.54 Chang Kang Fin 5/2 98 500 111/2 111/4 4.51 Watch Bank 12/2 97 N25 260 108/2 107
122.42 122.26 -0.02 123.42 122.30 10 2,080	Mer 92.44 92.02 -0.24 92.44 92.00 2,444 8,361	Chine #2 64 1000 881s 99 -14 5.92 Candee Hodro 5.05 100 1001k -14 4.97 Candi Local 0.01 FFt 2000 1078 role
G TERM FRENCH BOND OPTIONS (MATIF)	US	Dermark 54, 05 500 101 1014; _4, 523 Sweden 44 03 500 2034, 1042 _4, 415 SWCF 94, 97 FF 4000 1054 1054
Feb Mar Jun Feb Mar Jun	I US TREASURY BOND FUTURES (CBT) \$100,000 32nds of 100%	
3.02 - 0.13 1.82 2.18 3.25 0.24 0.78	Open Latest Change High Low Est. vol. Open Int. Ner 120-31 119-29 -1-00 121-03 119-18 330,205 334,995	Ber de Ferne 9 95 200 107 1073 5.43 YEN STRACHTS
0.92 1.41 0.47 1.09 0.76 1.90 0.08 0.85 1.39	Jun 120-23 119-14 -1-01 120-23 119-04 3,813 28,140	Expert Daw Corp #2 05 150 109 109-1 5 547 Credit Rinder #1 102 7300 101-5 101-5 4 446 Bankarmina 1 99 730 99.73 99.85
0.37 1.37 1.85 tal. Calls 27,818 Puta 18,042 . Previous day's open int., Calls 190,271 Puta 182,534.	Sep 119-30 118-22 -1-08 120-02 118-22 517 5,662	Federal Nati Mart 7/40 04 1500 103/2 108/42 6.04 Ex-hn Bank Japan 4/4 00 105000 108/2 108/44 5.05 Canada _4 98 2000 98.51 98.58
	Japan	Ford Motor Chade Fk 95 1500 101 12 101 12 101 12 555 100 52 01 300000 104 104 4 2.72 Commandat Q/S Fin -1 98 750 96.72 98.70
Nexty Tonal German Bund Futures (LIFFE)" DM250,000 100ths of 100%	INOTIONAL LONG TERM LAPANESE GOVT, SOND FUTURES (LIFFE) Y100m 100ths of 100%	N France St. 25 650 Sole St 1 540 Janan Dar Sk 6/2 01 120000 1205, 121 J. 251 Cract Lyconnic 0.30 38 1250 100.05 100.14
Open Setzprice Change High Low Est. vol Open int.	Open Close Change High Low Est vol Open Int. Mer 119.70 119.63 119.69 3770 0	14 Phance 5/c 19 500 SP1 T001 _4 5.50 SW2 64 00 30000 1181 1183 1183 1.97 Demoker Phance 4 95 DM 1000 100.02 100.02
101.32 100.82 -0.36 101.36 100.63 187746 240954 100.61 100.10 -0.36 100.61 100.28 1240 9823	Jun 11820 - 11827 118.17 1157 0	ber 57 23 3500 95% 95% -4, 7.31 Sweden 4% 98 130000 105% 107% 117 Primol 0.97 1000 100.10 100.14
	* LIFFE lutures also saded on APT, All Open interest Sgs. are for previous day.	Karas Bie Power 64, 03
( GILTS PRICES		Normay 74 57 1020 1024 1022 5.27 Fining 0 Gi LFr 5000 Hely 4 05 2007 100.05 100.14
Holes to Red Price C+or- High Low tests int	let	Oster Konfestbank 6/2 01 200 11114 1724s - 1 5.78 KS Daul Industrik 6/2 05 LP 3000 Lioyda Bank Ann 8 0.10 800 82.42 83.58
Noises to: Fiel Price E + or - High Low Index to: (Lines my to Film Years) 7.88	lati	Portugal 5%, 62 1000 95%, 96%, -2 6.05 ABN Acad 6% 00 R 1000 105%, 107 +1 4.84 Mathysia 3k 05 650 99.54 99.79 Outbook Hydro 5% 98 150 102%, 110 -1 5.27 Back Hed Germannan 70 R 1500 107%, 105%, 5.65 Maw Zauland -1 99 1000 99.67 99.97 Outbook Phys 9 B 200 102%, 107 -1 5.28 Back Hed Germannan 70 R 1500 107%, 105%, 5.65 Maw Zauland -1 99 1000 99.67 99.97
100044 14 M C 12 10213 1007 10248 st	7.36 1007 -2 1018 3413 20: 05	SAS 10 39 200 1111 1117 - 1 586 Brien Countin 74 07 CS 1250 1072 1074 - 726 Ontatio 099 2000 38.55 99.34
n 100c 1996 9.79 5.95 1034 - A 1045 1034 Apc 2002-6tt	7.38 100% -2 1018 341 2019 -03.9 204 257 - 2157 2034 742 1028 -3 1004 224 24 25 10 - 1358 1.10 2.77 1134 - 1134 167 753 1058 -3 1004 224 24 25 10 - 73.5 236 1.35 1756 -3 186 1861 753 1058 -4 1049 834 25 25 10 - 73.5 236 1.35 1756 -3 186 1861 735 1248 -4 1254 1131 44 25 1044 11356 236 1.32 1159 -3 1187 1861 74 125 1248 -4 1254 1131 44 25 1044 11356 236 1.32 1159 -3 1187 1861	Stam 6/2 09 \$200 103 105's -1 200 BB 104 BC CL 100 105's Las Stam 24 Motors 0.05 99 125 34.88 100.11
	7.25 12443 - 1 1254 1131 4 5 144 _ 1356 236 3.22 116 - 1 197 1064 7.4 1074 - 1 1096 971 2 2 19 109 10 11 11 124 1974 - 1 1861 1985 7.4 1074 - 1 1096 971 2 2 197	Sweden 5 2 03 2000 105 10 100.05 100.11 105 100.05 100.05 100.11 105 100.05 10
1997 13 98 6.13 1141 1173 1145 Tran Soc 2005 tt 805	732 13713 1 1363 1364 2592 11745 327 349 1734 1734 1574	Tennessen Valley 0 00 1000 701% 74, 5655 KW/ht Far1001 C5 400 113% 113% 145% 14 6.85 SWeblen -1,07 2000 69.69 69.74 Tennessen Valley 54 05 2000 102% 102% -1, 605 Nepton Tei Tei 10% 90 C5 200 112 112% -1, 6.51 COMWERTBLE BONDS Tokyo Bower 54 wa 1000 102% 102% 27, 6.07 Ontatio 06 C5 1000 104% 104% 104% 1-4, 7.33
10284 7.10 6.20 1024 102.3 gsi Trues Spc 2009 7.72	7.58 103.2 -1 104/2 441 2007 1857.6 3.59 3.56151164 -7 1574 1774 7.58 103.2 -1 104/2 441 2762 73500 3.44 3.59 145.1 -7 146.5 1716 2762 74757.7 3.44 3.59 1714 -1 145.5 1714 446.2 104757.7 3.44 3.59 1714 -1 122.2 182.4 446.2 104757.7 3.44 3.59 1714 -1 122.2 182.4	Toyota Mater 55 88 1500 100% 101% -4, 5.17 Oriento Hydro 10% 99 C8 500 112% 102% 6.59 Came Urited Kingdom 74, 12 3000 107% 107% -4, 5.54 Oatar Konzolbank 10% 99 C8 150 111%, 112% -4, 6.38 Associated Prices Eld Oata
200 1000 1000 1000 -10 1000 1000 1	44pt 2017	World Bark 5-105 1500 1034; 103-1 _4 6.01 Combre Hydro 7.04 C5 1000 1054; 199-1 7.52 Creater Capiter 8 86 250 88 116 11 World Bark 8-1 89 1500 109-1 109-1 109-1 -1 5-49 Combre Prov 10-26 C5 200 119-1 119-1 5-38 Central View
c 1990ctt	10% and (2) 5%, (2) Figures in programming the base for indexing (is 6 months prior to teau) and have been adjusted to	Wood Bark 5% 87 1500 103% 104% - 5 514 Council Europe 9 01 Eau 1100 113% 115% 6.39 Gand Materialian 6% 03 710 4.37 1142 115%
1999	767 57.4	DE/TSCHE MARK STRATCHTS Detrant 6/2 12 Eco
101. or 1000 9.15 8.66 1124 -4 11215 1051a 1and Dar 2012++ 5.02	7.57 1124 -4 113, 102.	Batten Huert L France 8 99 - 2000 105 105 421 68 10 97 600 - 1125 105 105 105 402 402 105 401 - 410 3105 97 8
12 2000 12 10.50 6 70 12385 -2 1248 117 Traves 8pc 201342 776	7.41 824 - 4, 824, 724, 7.69 183날 - 4 103년 93년 Other Fixed Interest	David Lang Lang 1 and 1
7%pc 2012-1512 7.70	7.70 1005gal - A 107 3 92	Detache B. Fin 7/2 03 2000 1051 1067 + 554 ADC 10 99 AS 100 1051 1067 785 Net Power 64 05 2 250 4.33 1011 104
Treas 8 kpc 2017## 7.93	7.75 11033 -11 1175 10031 Ross int Red Prost - or - High Law	EC 67.00 500 1001 101 40 49 46 EB 71.99 55 50 11/9 11/9 10/9 47 47 50 EB 64.00 102 65 39,077 65 9
Law Yakra	Adam Dev 10-up 2009 6.54 7.79 120 120 1068	Here 72 00
01 8.02 6.67 11.343 -3 114 10453 1 ++ 8.05 6.87 10043 -4 1014 463	indust Corp 67-ppc 110	UE Baser-When 5/2 08 2250 101-1 101-2 -4 6.33 State 52 1054/9 07 46 300 104/9 104/2 -4 6.16 State 57 10 300 30059 679 82-
	1300 34-2 11 /2 11	Onemo 54, 04 1500 1014 102 41 557 Univer America 12 05 45 150 1074 1055 - 738 No homman matching and the prefug days are
13 8.59 7.17 11613 -4 1173 10574 Consult Apr 7.91 no 2001-4 8.64 6.95 1193 -4 1192 11024 Wartoon 3-parts 7.11	- 50,54 +3 5051 45's (Ampro) Page 200 8.64 - 40's 40's 33	
1000 4 4.19 6.05 K3b S31 702 0	ent i ant at 10, 35 T 35 7.23 76 75 604	STRAGHT BORIZE, The weld is the yield to indexistion of the biol-price, the ansate analysis in willions of sometry units, Cho, dep-Change on day. FLANTING RATE MOTION Decomparised in dollars unless alterative indicated. Coupon in minimum. Sprind-Margin store six-mosth offense mini galanse-month Sabove mean and for US dollars. Copynal Coupon.
nc 200411	- 324 -4 325 254 4404 233 2221. 203 435 4015 1432 1302	CONVERTINGLE BORDE: Denominated in dollars (nine indicated, Gris, procedurant of bond per since expressed to common of since & common rate fixed at takes. Prote-Percentage pre-
2023-6	- 324 +1 224 24 HD MC 324 1927 203 1209 - 1362 1364 1132	© The Francis Brass Ltd., 1995. Reproduction in whole or in past is any form not percented without waters consent. Data applied by Internativel Securities Mader Association.
Server of the same of electronic of the shirt same is served in the server of the same of the same of the same of		

WORLD BOND PRICES		
ENCHMARK GOVERNMENT BONDS	BUND FUTURES OPTIONS (LIFFE) DM250,000 points of 100%	PT-ACTUARIES FOOD INTEREST INDICES
Rad Day'a Weak Month Coupon Date Price change Yield ago ago	States CALLS PUTS PUTS	Price Indices Thu Day's Wed Accrued ad adi, Law coupon yield Haddam coupon yield High coupon yield
tralia 10.000 02/08 113,4900 +0.820 8.02 6,19 8.33	10050 0.77 0.65 0.87 1.07 0.45 1.05 1.27 1.47	1 Up to 5 years (22) 124.02 -0.04 124.07 2.55 0.12 5 yrs 6.78 6.74 8.68 8.81 6.75 8.68 6.89 8.86 8.89
ia 8,500 11/05 102,8000 - 6,13 6,11 6,50 um 6,500 03/05 101,3500 -0,180 6,30 8,30 6,72	10100 0.50 0.45 0.68 0.84 0.88 1.35 1.56 1.74 10150 0.30 0.30 0.48 0.88 0.98 1.70 1.88 2.06	2 5-15 years (21) 151,96 -0.30 152,41 2,70 0.00 16 yrs 7,59 7,54 8,54 7,63 7,58 8,66 7,71 7,68 8,69 3 Over 15 years (2) 168,17 -0.45 168,94 2,46 1.02 20 yrs 7,70 7,66 8,51 7,73 7,69 8,69 7,77 7,74 6,61
a* 8.750 12/05 111,3700 -0.400 7,12 6,93 7,38 mk 8.000 03/06 108,5400 +0.980 6,80 6,88 7,34	Est. vol. tomi, Calls 25485 Punt 13831, Previous day's open int., Calls 199864 Punt 171239	4 procisarnables (5) 194,89 +0.25 194,98 2.24 0.00 ined.† 7,75 7,77 8,58 5.41 stocks (57) 146,34 -0.24 148,88 2.68 0.21
8TAN 7.000 10/00 108.3750 -0.250 5.41 5.37 5.97 0AT 7.250 03/06 105.3200 -0.470 6.38 6.31 6.85	Italy	Inflation 5%
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No 174 4.500 09/04 111,2380 +0,260 2.87 2.92 2.65	Mar 112.55 111.48 -0.92 112.55 111.45 60787 62554 Jun 112.20 111.03 -0.91 112.20 111.10 239 2953	8 All stocks (12) 190,290.23 790,72 1.18 0.00 - American groups redemption yields are about above. Coupon Bandic Low; 196-7554. Machan: 8%-10955; High: 11% and over, † Part yield, yiel Year to date.
s 6.000 01/05 101,1200 -0.320 5.85 5.77 6.11 11.875 02/05 115.8800 -0.080 9.21 8.21 10.14	I ITALIAN GOVT. BOND (BTH) FUTURES OFTIONS (UFFE) Un200m 100ms of 100%	under Anne under hann an enter nodrig neuer rudt hat hat and die solver lafe file and dat 1 he how he iss a mee
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utives at the two markets. tives markets. Traditionally competition

between tha two Chicago markets has been intense but both are under pressure to cut costs as a result of a decline in volumes last year and increasing international competition. Mr Jack Sandner, chairman of the CME, and Mr Patrick Arbor, chairman of the CBoT. will co-chair a joint strategic committee which will explore

"Everything on the table from buying pencils together to merging," said Mr Sandner. "I am very enthusiastic about the potential of our two insti-

cost-cutting measures that will enhance our competitive position in the world. Mr Arbor said the "agenda of this joint committee is to focus on common initiatives that will better the interests of our members and customers" **Professor Merton Miller of** the Chicago University's Gradnate Business School, will serve as executive director of

intions coming together in a number of technological initiatives, co-operative efforts and

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#### **CURRENCIES AND MONEY**

# MARKETS REPORT **Tensions over monetary union lift the D-Mark**

#### Sy Graham Bowiey

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Political worries and renewed saw a fair degree of volatility tensions over European mone-tary union hit the Italian lira and French franc yesterday as the D-Mark emerged as the most favoured safe-haven currency.

The D-Mark's gains brought the dollar's recent rise to an abrupt end for most of the session before the dollar surged in late trading on reports that a German official had said he favoured a weaker D-Mark.

Worries that the US government might default on its deht obligations, which caused a sharp sell-off in US government bonds, continued to dog the US currency. The Canadian dollar fell

after the Bank of Canada cut short-term interest rates and oo news of a cabinet reshuffle. The Swedish krona and Finnish markka came under pres-sure over fears that slower growth could undermine these countries' fiscal positions. 

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Mr Paul Meggyesi, currency strategist at Deutsche Morgan Grenfell, said: "There is a simyesterday as worries about the US hudget stand-off, European mering feeling that if social unrest does come back to the monetary union and specula-tion about cuts in US and fore in France then the government would be vulnerable and European interest rates hufthe franc would suffer." feted currencies. Rumours that the French

Fears that slower growth and German authorities might across Europe might mean some countries would not meet be planning a devaluation of the franc and that the franc might then be pegged more closely to the D-Mark were denied by the French and Gerthe Maastricht criteria for monetary union continued to unnerve currency markets. Signs of political unrest in man anthorities but neverthe-France and Italy added to these concerns. Investors fear the less caused some franc weakness French and Italian govern-The Bank of france left its

intervention rate unchanged at its securities repurchase ten-der, despite speculation that the rate might fall following ments may not he strong enough to push through planned cuts in government spending necessary to satisfy the criteria, analysts said. Wednesday's drop in the Ger-man repo rate.

The franc finished weaker --- Pnev. close --1.5115 1.5105 1.5086 1.4990 against the D-Mark, at FFr3.439 from FFr3.430. The lira closed at L1,078 against the D-Mark, from dollar's volatile movements sharply lower against the L1,075, following speculation through the day were "symp- D-Mark at SKr4.660 from

120 -110 -100 **.**...

Against the Yen IV per Si

Dollar

130

90 80 <sup>L</sup> 1993 94 Source: FT Edde

that an early general election might be called in Italy.

A news report that German finance ministry officials favoured a stronger dollar close to DML60 caused a late

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rally in the US currency. Mr David Brown, an econo-mist at Bear Stearns, said the dollar's volatile movements

state of the markets due to the risk of debt default in the US and political risk in Europe". The dollar began the European session lower after an overnight sell-off. Continued nervousness over the US bud-get and reports that Moody's, the international credit rating agency, had placed \$387bn of US debt on review for possible downgrade then weighed on

the currency. The dollar finished in London at DM1.4763 from DM1.4803. It finished against the yen at Y106.4850, from Y106.7650.

The Canadian dollar ended the European session lower after the Bank of Canada cut its target range for the over-night financing rate hy a quarter-point.

It closed at C\$1.3766 from C\$1.3697 against the US dollar. The Swedish krona ended

tomatic of the current nervous SKr4.632 despite the decision by the Swedish central leave interest rates un The finnish markka ground against the "Markets suspect that the slowdown in Finl authorities cannot a maintain a strong inte policy," said Mr Meggy

> The pound was left on the sidelines as mo elsewhere in the current kets dominated. Sterlin slightly lower again D-Mark, finishing at I from DM2.2397. It f slightly higher against lar at \$1.5147 from \$1.5

Sterling's trade-w exchange rate inde unchanged at 83.1.

BOTHER CURRENCIES Jao 25 5 71160 CONSIDERCIALS Jac 25 7 1160 Hungary 213,290 - 213,507 14,860 Iran 454,670 - 454,5 67 300,000 Iran 84540 - 0,4547 0,2598 Poland 3,8540 - 3,8403 - 2,5207 Russia 716,386 - 715,087 - 716,387 LALE 5,5511 - 5,555 3,6726

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January 25

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•	·Belgium (BFr) 45.9742 -0.0816 514 - 969 46.2900 45.9120 45,8592 3	A Rate %PA Rate %PA Eng. Index 2 15.8379 2.2 - 106-2 Austrik 0 45.8542 2.8 44.8142 2.5 108-6 Belgius	mid-point on day (Sch) 10.3819 -0.0283 m (BFr) 30.3520 -0.088	spread         high         low         Rate         %PA         Rate         %PA         Rate           798 - 839         10.4410         10.3680         10.3664         1.6         10.3344         1.8         10.211           709 - 570         30.5240         30.3160         30.3         2.1         30.1995         2.0         29.82		US Defau         512         544         572         574         572         574         572         574         57
	Finland (FM) 6.8728 +0.0158 654 - 802 8.9120 6.8610 8.8684 0 France (FFr) 7.6887 +0.009 848 - 927 7.7088 7.6954 7.6769 1	.8         6.6097         1.8         8.5099         1.8         108.4         Oenms           LB         6.8803         0.7         85.2         Finitum           A         7.6582         1.6         7.5827         1.4         100.5         France           8         2.2209         2.7         2.1784         2.6         110.8         Genma           1         0.0816         1.0         0.9579         0.7         93.0         (relation)	d (FM) 4.5374 +0.0053 ; (FFr) 5.0760 +0.0002 ; any (DM) 1.4763 -0.004 ; a (Dr) 244.170 -0.16 ;	340 - 408 4.5620 4.5220 4.5324 1.3 4.5237 1.2 4.494 750 - 770 5.1000 5.0570 5.0716 1.0 5.0663 0.8 5.047	19 0.9 84.6 15 0.6 109-2 18 1.8 108 7 12 8.1 654	Open         Sett price         Change         High         Low         Eat vol         Open int           Mar         95.35         95.37         -0.06         95.38         95.25         57.572         56.578           Jun         95.59         95.60         -0.04         95.65         95.55         14.738         53.878           Sep         95.64         95.87         -0.02         96.72         95.62         6.145         39.047
	Itely         (L)         2411.02         +2.32         947         -258         2428.84         2403.92         2417.97         -3           Luxembourg         (LF)         45.8742         -0.0316         514         969         46.2900         45.8723         3           Netherlands         (FI)         45.8742         -0.004         033         058         2.5156         2.4993         2.4974         3           Norway         (N/r)         6.7966         -0.004         033         058         2.5156         2.4993         2.4974         3           Norway         (N/r)         6.7966         -0.014         938         1038         6.0388         6.1783         6.7885         1           Portugal         (Es)         232.355         +0.299         203         507         232.959         231.839         232.78         -2	5 2431.12 -3.3 2486.02 -3.1 72.7 Italy 0 45.6542 2.8 44.8142 2.5 196.6 Lucean 4 2485 3.1 24351 2.6 108.7 Nether 2 8.767 1.3 6.858 1.2 08.7 Norwa 2 233.685 -2.3 - 95.5 Portug	(L) 1591.75 -0.25 1 bourg (LP) (20.3520 -0.088 francts (PI) 1,6535 -0.0046 5 ty (NK) 6.4690 -0.0145 5 pt (Es) 153.400 +0.025 5	125 - 225         1901.50         1586.05         1598.6         -5.2         1810.65         -4.7         1668.7           170 - 570         30.5240         30.3160         30.3         2.1         30.212         1.8         29.90           182 - 538         1.6628         1.6474         1.6502         2.4         1.6439         2.3         1.621           180 - 700         6.5045         8.4475         6.4689         0.4         6.4585         0.6         6.441           180 - 400         152,2800         153.775         -2.8         154.545         -3.0         158.1	5 -4.8 72.5 7 1.5 107.9 1 2.0 107.8 5 0.4 876 5 -3.1 95.5	B         THYREE MONTH EUROBARIS FUTURES (LIFE!" DM1m points of 1004,           Open         Sett pnce         Change         High         Low         Est. vol         Open int           Mar         96.72         96.71         -0.01         96.74         96.68         22190         173487           Jun         96.86         96.84         -0.01         96.79         96.79         1425         176844
	Spain         (Pia)         (89,262         +0.545         139         -385         189,831         189,477         189,747         -3           Sweden         (SK)         10.4168         +0.0507         057         278         10.4994         10.3387         10.4187         -0           Switzariand         (SF)         1.7984         -0.0013         980         007         1.8051         1.7858         1.7924         4           UK         (2)         Ecu         -1.2196         +0.0007         161         204         1.2254         1.2176         1.2187         1.           SDR1         -1.03764	2 10.4223 -0.2 10.4375 -0.2 88.0 Swede 7 1,7791 4.5 1,7229 4.3 115.5 Switze 83.1 UK 1 1.2166 1.1 1.2085 0.8 Ecu	an (SK) 6.8771 +0.0256 7 naand (SFr) 1.1879 -0.0022 ( (S) 1.5147 +0.0017 1 - 1.2416 +0.0037 4	21 - 821 6.9224 6.8210 6.8942 -3.0 8.9236 -2,7 7.061 174 - 884 1.1940 1.1945 1.1841 3.6 1.1768 3,7 1.147 142 - 152 1.5176 1.5102 1.5187 0.8 1.5118 0.8 1.502	1 ~2.7 85.9 4 34 114.8 2 0.6 82.6	Sep         96.85         96.82         0.02         96.86         86.77         20175         158483           Dec         96.89         96.68         -0.02         96.72         96.62         15070         151598           III THREE MONTH EUROLIRA PUTURIES (LIFE)*         L1000m points of 100%         Open         Sett price         Change         High         Low         Est. vol         Open int.
	SDR1         -         1,03764           Amenicas         -         -           Argenitra         (Peso)         1,5145         +0,0017         139         150         1.5173         1,5100           Brozil         (Pis)         1,4786         +0,0012         780         -796         1,4857         1.4762           Canada         (CS)         1,4785         +0,0012         780         -796         1,4857         1.4762           Canada         (CS)         2,0851         +0,0143         840         651         2,0872         2,0724         2,0836         0,           Mectoo         (New Peso)         11,1937         -0,0782         624         046         11,2336         11,1584	SDR+ Amerik Argent 7 2,0806 0.6 2.0733 0.8 83.6 Cened Medice	ina (Peco) 0.9999 - 9 (Ris) 0.9763 -0.0003 7 ia (Cis) 1.3766 +0.0079 7			Mar         90.60         80.47         -0.13         80.60         90.45         16305         48127           Jun         91.09         90.86         -0.12         91.08         90.96         4482         78803           Sep         91.32         81.22         -0.13         91.34         91.21         1493         16416           Dec         91.41         81.33         -0.13         91.41         91.30         711         9267           II THREE MONTH EURO SWISS FRANC FUTURES (LIFFE) SFilm points of 100%         2100%         2010%         2110%         2110%
	USA (\$) 1.5147 +0.0017 142 - 152 1.5178 1.5102 1.5137 0. Pacific/Middle Esst/Atrics Australia (A\$) 2.0546 +0.0015 532 - 559 2.0548 2.0488 2.0561 -0. Hong Kong (HK\$) 11,7112 +0.0115 066 - 158 11.7341 11.6793 11.7041 0. Indua (Ps) 54.5444 +0.3412 506 - 381 54.6890 54.1720	9 2,0569 -1.0 2.0764 -1.1 86.8 Austral 7 11.698 0.5 11.8685 0.4 Hong h	(\$) -/Middle Eest/Africe Re (4\$) 1.3563 -0.0006 5 Kong (HS\$) 7.7317 -0.0011 3 (Fe) 36.0100 +0.185 6	59 - 569 1.3569 1.3557 1.3583 -1.8 1.3616 -1.6 1.380 112 - 322 7.7330 7.7310 7.7324 -0.1 7.7342 -0.1 7.781 00 - 600 36.1000 35.8500 36.16 -5.0 36.465 -5.1 37.93	97,3 5 -1.6 87,7 2 -0,4 -	Open         Sett price         Change         High         Low         Est. vol         Open         Int.           Mar         98.33         66.24         -0.06         98.33         96.23         5025         23016           Jun         98.33         98.26         -0.05         98.35         98.24         4238         18261           Sep         98.61         98.22         -0.06         98.32         98.21         1999         9633           Dec         98.11         89.01         -0.07         98.14         89.01         588         4435
	Israel         (Shk)         4.7466         +0.0141         414         -517         4.7535         4.7316         -           Japan         (M         161.293         -0.243         167         399         162.630         161.040         160.458         6.           Mataysia         (MS)         3.8739         -0.0017         716         759         3.8858         3.8697         -           New Zestand         (MZS)         2.2667         -0.0003         668         706         2.2811         2.2656         2.2716         -1.           Philippines         (Piso)         38,7155         +0.09         268         -08         2.98130         39,6156         -           Saudi Arabia         (SH)         5.5808         +0.0084         787         831         5.6943         -	Malaya	sia (MS) 2,5575 -0.004 5 instant (NZS) 1.4977 -0.0058 9 knes (Peso) 26.2200 +0.03 7	50 - 520 107,500 106,330 108 5.5 105,165 5.0 101,8 70 - 580 2,5647 2,5570 2,5584 -0.4 2,5645 -1,1 2,58	8 -1.2 2 -2.2	Interset         Monthline         Utilities         (UFFE)         Ecuting points of 100%           Open         Sett price         Change         High         Low         Est. vol         Open int,           Mar         95.40         85.35         -0.05         85.40         95.34         2066         8630           Jun         85.60         85.54         -0.06         95.60         85.54         1084         4669
	Singapore         (S\$)         2,1459         -0.0046         444 - 473         2,1512         2,1416         -           South Africa         (F0)         5,5236         +0.0017         212 - 264         5,5331         5,5130         -           South Korea         (Won)         1190.78         -0.33         031 - 125         1193.51         1198.34         -           Tativan         (T\$)         41,5800         +0.0496         572 - 028         41.6807         -           Thailand         (Et)         36,3371         +0.0203         093 - 649         38,4230         38,2740         -		one (SS) 1.4167 -0.0048 1 Africa (F) 3.6468 -0.003 A Korea (Won) 788.150 -1.1 1 (TS) 27,4510 +0.002 4	62 - 172 1.4215 1.4160 1.4192 3.0 1.4072 2.7 1.381 63 - 473 3.6510 3.6462 3.6756 - 0.5 3.727 - 8.8 3.950 00 - 200 789,600 786,000 789,15 -4.6 792,65 - 3.3 611.1 50 - 570 27,4800 27,4400 27,471 -0.9 27,511 -0.9	7 2.5 3 -8.3 5 -3.2	Sep         95.64         95.59         -0.05         95.65         95.61         527         27.48           Dec         95.52         95.51         160         2467           UFFE hause also traded on APT         EUROLIRA OPTIONS (LIFFE) L1000m points of 100%         9075           Strike         CALLS         PUTS         PUTS
	T Places for Jun 24 Biologies provoks in the Pound Spot table show only the less time docimal places, F are unplied by output interest rates, Sering Index calculated by the Bank of England, Bane areans had-rates in both this and the Dollar Spot tables dorived from THE WAMPEUTERS CLOSING SPOT F	orward pales are not clinicity quoted to the nearest but † SDR r e 1990 w 100, index rebated 1/2/95, Bit, Offer and market b WTES, Some values are pounded by the F.T.	nte per 5 tor Jan 24, Bickolier spreads in th but are implied by current interest rates, UK,	a Dofar Spot tuble allow only the text three desimal places. Forward pasts are no Inlands & ECU are quoted in US currency, J.P. Margen nominal indices Jan 24; Bar	t checily quoted to the se dwarage 1990-100	Price         Mar         Jun         Sep         Mar         Jun         Sep           90255         0.40         0.90         1.28         0.16         0.17         0.31           90550         0.25         0.71         1.06         0.28         0.23         0.36           90755         0.16         0.54         0.68         0.44         0.31         0.42           Ext. vol. total         Casts 300 Parts 575. Persona davia poen tot Casts 19791. Proc. 15746
	EXCHANGE CROSS RATES Jan 25 BFF DKr FFr DM E L H	NKr Es Pla SKr SFr 2	C8 \$ Y Emu	The FT GUIDE TO WORLD CURRENCIES, published in bewapaper and covering over 200 contencies, is now available by dialtin pumber from the beyond or handeet of your fux machine, 8991 4	g the following	Consolidated Turnover (provident dynamic tollars of Franch France)
	Belgium         (BFr)         100         18.61         16.73         4.864         2.097         5245         5.449           Donmark         (DK1         53.16         10         8.891         2.586         1.115         2788         2.897           France         (FF)         59.79         11.25         10         2.908         1.254         5136         3.258           Germany         (DM1         20.56         3.866         3.439         1         0.431         1078         1.120           Ireland         (15)         4.769         8.977         7.876         2.320         1         2.599           Ireland         (15)         4.769         8.977         7.876         2.320         1         2.599	11.33 268.7 218.9 12.05 2.080 1.156 12.74 302.2 246.2 13.55 2.340 1.301 4.382 103.9 84.66 4.860 0.805 D.447 10.16 241.1 1964 10.81 1.866 1.037	4,536 3,266 350,9 2,664 2,411 1,752 186,5 1,411 2,712 1,970 209,8 1,587 0,332 0,578 72,14 0,546 2,163 1,572 167,3 1,266 0,068 0,069 0,051	Calls are charged at 39p/min cheap rate and 49p/min at all other ofness outside the UK please telephone +44 171 873 4378 for details on Citylin	For service	Outmittely Turnover         1995         1954         variance (*)           1st Jonuary to 30th September         1,904         1,592         20.7%           1st October to 31st December         697         625         12.5%           Geographical Breekdown         2,001         2.217         18.4%
	Netherlands         (F)         16.35         3.452         3.069         0.893         0.385         962.5         1           Norway         (NM1         46.61         6.825         7.847         2.282         0.984         2460         2.555           Portugal         (E3)         19.78         3.721         3.309         0.962         0.415         1037         1.078           Spain         (Pta)         24.28         4.568         4.062         1.181         0.509         1274         1.323           Swedent         (SK)1         44.12         6.299         7.679         2.146         0.825         2.142         2.404	3.912         92.77         75.57         4.180         0.716         0.399         1           10         237.2         193.2         10.63         1.836         1.021         2           4.216         100.         81.45         4.484         0.774         0.430         1           5.176         122.8         100.         85.94         0.950         0.528           9.404         223.0         181.7         10         1.726         0.960         3	0.832 0.805 64.39 0.487 2.126 1.546 164.6 1.245 0.887 0.682 69.41 0.525 1.101 0.800 85.21 0.644 2.001 1.454 154.6 1.171	FAST 64 KBIT SATELLITE TECHNOLOGY FOR COMPLETE REAL-TIME DATA OF THE US AND EUROPEAN EXCHANGES FOREX, FUTURES, OPTIONS, EQUITIES, NEWS		Crance         2,173         1,864         14,8%           Abroad         428         323         40,9%           (7) variance at constant exchange mise         15 Francel, South-Quarter seles growth was 15%, on it comparable remise-of-days basis.         Abroad, the above figures do not include eales of comparate acquired in 1896 (not yet conso- plateout).
	Switzertand         (SFr)         25.55         4.607         4.274         1.245         0.153d         1340         1.392           UK         (C)         45.97         8.646         7.689         2.236         0.964         2411         2.505           Canada         (CS)         22.05         4.148         3.689         1.272         0.462         2411         2.505           Canada         (CS)         22.05         4.148         3.689         1.072         0.462         1165         1.201           US         (S)         30.34         5.706         5.075         1.476         0.636         1.691         1.653           Japon         (Y)         28.50         5.931         4.767         1.383         0.598         1.495         1.553           Ecu         37.66         7.069         3.021         1.833         0.790         1977         2.063	B.799         232.4         189.3         10.42         1.799         1         2           4.700         111.5         90.78         4.988         0.463         0.463           6.488         153.4         125.0         6.878         1.167         0.860         1           6.075         144.1         177.4         6.460         1.116         0.820         1	1.159 0.842 89.68 0.678 2.085 1.515 1.61.3 1.220 1 0.727 77.36 0.585 1.378 1 106.5 0.805 1.289 0.939 100. 0.756 1.299 1.242 132.2 1	41710593377 WOOLGOT 1 172300 0700 311 0022300 NE		Contracts & Tenders
	Danish Kroner, French Franc, Norwegien Kroner, and Swedish Kroner per 10: Belgian Franc, Yan, Esc <b>B D-BLARK FLITURES (IMM)</b> DM 125,000 per DM Open Latest Change High Low Est, vol Open inc.	udo, Lina and Pesota per 100, III JAPANESSE VEN FUTURIES (MM) You 12.5 per Y Open Latest Change High	fen 100 Low Est, vol Open Int.	SOPTIONS TRADERS BUE AN EXPERIME A LOOPERTITUE SERVER A LOOPERTITUE SERVER TEL: 0171 629 1133 FAX: 0171 49	IX SRB	TENDER ANNOUNCEMENT ISKENDERUN IRON AND STEEL WORKS CO.
	Jun 0.6764 0.6780 -0.0008 0.6832 0.6784 435 3.380 Sep - 0.6855 - 1 1.359 E SWISS FRANC FUTURES (MM) SFr 125,000 per SFr	Jun 0.5524 0.8570 +0.0045 0.9575 Sep 0.8660 0.8660 +0.0023 0.8665 <b>H STRALERA FUTURES (IMM) 252,500 per 2</b>	0.9523 648 2,634 0.9550 21 687	Union FUTURES AND OPTIONS TH Clearing and Execution Service Tel: +44 171 329 3030 Fax: +44 171 329 3919	24 hrs	(ISDEMIR) TURKEY 2,100,000 METRIC TONS OF COKING COAL TO BE IMPORTED
	Mar 0.8431 0.8402 -0.0026 0.8486 0.8415 10,724 42,448 Jun 0.8542 0.8486 -0.0018 0.8665 0.8500 191 1,298 Sep - 0.8590 - 0.8620 - 7 103	Mar 1,5100 1,5058 -0.0032 1,5158 Jun 1,5130 1,5054 -0.0008 1,6130 Sep - 1,5030 - 1,5100 EMS EUROPEAN CURRENCY UNI	1,5050 6 234 - 4 5	Limited Fax: +44 171 329 3030		1. For the requirement of our Plant during the July 1996/June 1997         contract year, approximately 2, 100,000 metric tons of coking coal         will be imported from the following origins;         From USA       700,000 m. tons (Med. Volatile)
	Jan 25 Over- 7 days One Three Six One might notice month months year	Jan 25         Ecu cen. rates         Rate against Ecu 169.229         Change on day           Spain         162.483         169.229         +0.077           Netherlands         2.15214         2.11304         -0.00348	% +/- from % spread Div. cen. rate v weekset ind. -2.01 4.57 14 -1.82 4.47 13	Competitive Spreads, Maximum Transaction Size 2005 2	n 5100,000 al service. In In 195	From Australia     360,000 m.tons (Med. Volatile)       From Australia     360,000 m.tons (Low Volatile)       From Canada     360,000 m.tons (Low Volatile)       From Poland     200,000 m.tons (Med. Volatile)
	kiterbank Stanling 0,3 - 6 8,4 8,4 8,4 8,4 8,4 8,4 8,4 8,4 8,4 8,4	Beigkum         59:3950         38,7945         -0.0522           Austria         13.4383         13.2697         -0.0228           Germany         1.81007         1.86965         -0.00314           Portugal         195,792         195,957         +0.208           Demanurk         7.25580         7.30205         -0.00725           France         6.40608         4.48364         +0.01195	-1.53 4.16 11 -1.23 3.85 9 -1.22 3.85 12 0.08 2.48 -1 0.22 2.34 -2 1.21 1.34 -10 2.57 0.00 -17	Futures, Options of Currencies with direct access to exchange floors James Maxwell		From Other Countries 120,000 m.tons (Med. Volatile) 2. Tender Documents will be available for sale from <u>5th February 1996</u> and may be obtained at the following offices upon the payment of TL 70,000,000 (incl. VAT) non-refundable fee per set.
	Decount Market deps 64 - 6 68 - 62 UK clearing bank base lending rate 64 per cent from January 18, 1998 Up to 1 1-3 3-6 6-9 9-12 month month months months months	Inviting         0.792214         0.812566         -0.001043           NON ERAM MEMBERS         Greece         292.887         312.120         +0.484           Italy         2108.16         2038.13         +13.31           UK         0.768552         0.842568         -0.000671	2.57 0.00 -17 6.57 -3.76 - -3.23 6.59 - 7.11 -4.24 -	Tel: 0171 702 1991	aligned by SPA	<ul> <li>Iskenderun Iron and Steel Works</li> <li>Turkish Iron and Steel Works</li> <li>Isdemir A.S. Genel Müdürlügü</li> <li>TDÇI Genel Müdürlügü</li> <li>TDÇI Genel Müdürlügü</li> <li>Todarik Ikmal Müdürlügü</li> <li>Ziya Gökalp Cad, No: 80</li> </ul>
	Certs of Tax dep. (C100,000) $2^{1}2$ $5^{1}2$ $5$ $5$ $4^{2}_{4}$ Certs of Tax dep. under 100,000 to $2^{1}_{2}$ 2.5 $5$ $4^{2}_{4}$ Certs of Tax dep. under 100,000 to $2^{1}_{2}$ 2.5 CO3 bed miss bit, Export Finance. Note up day Dec 29, 1965. Agreed rate for period, Jan 24, 1990 to Feb 25, 1998, Schemes B & II. 7.825c. Reference may br sendo Dec 1, 1993 to Dec 29, 1995. Schemes IV & V 6.5525c. Prence House Base Rate 7ps from Annuary 1, 1995 to	Ecu cantral rates set by the European Commission, Currencias P Percentage changes an for Ecc a positive change denotes a w role between two acreacit. The percentage difference between t for a currency, and the machinum permitted percentage division Ecu central rate.	are in descending relative attength. Weak currency. Divergence allows the the actual market and Ecu cantral relea in of the currency's market rate from to	<b>Panarket-Eye</b> FREEPHONE 0800 321 321 FAX 0171 396 1001	ÎCV	Iskenderun-TURKEY         Kurtulus/Ankara-TURKEY           Fax: 90 326 7551184         Fax: 90 312 4344706           3. Sealed offers prepared in compliance with Tender Requirements must be received at "Iskenderun Demir ve Çelik A.S. Genel Müdürlogü,
	A THREE MONTH STERLING FUTURES [LFFE] 2500,000 points of 100%           Open         Sett price         Change         High         Low         Est. vol         Open         nt.           Mor         93.82         93.89         -0.02         93.92         93.87         7576         91747           Mor         94.17         94.12         -0.03         94.17         94.10         12193         79861           Sep         94.16         64.12         -0.05         94.16         84.11         10532         64125	PHILADELPHIA SE C/3 OPTIONS 231,250 (cents Strike CALLS CALLS Price Feb Mer Apr 1,500 1.87 2.29 2.80	Feb Mar Apr 0.88 1.51 2.12	WANT TO KNOW A SECRE		Haberlesme Servisi, Iskenderun Turkey" at the latest by <u>14.00 hours</u> Turkish local time on Friday 8th March 1996. Offers shall be opened at 14.30 hours the same day in the presence of interested bidders. 4. ISDEMIR reserves the right to place the order either partially or (
	Dec         94.03         93.96         -0.05         94.03         93.95         4481         4476           Vor         93.79         93.73         -0.04         93.79         83.73         5830         30825           Nov readed on APT All Open reternet figs are to previous day.	1.510         1.12         1.77         2.34           1.520         0.67         1.34         1.80           1.530         0.37         0.89         1.52           1.540         0.27         0.71         1.20           1.550         0.14         0.49         0.83           Perios de/s vol. cells 4.368 Net 15533         Prov. de/s open A         0.93	1.25 2.09 2.57 1.84 2.61 3.13 2.51 3.07 3.74 3.29 3.76 4.41 4.16 4.5 5.13 m. Calar 157,882 Pute 183,255	The amazing trading techniques of the legendary W. increase your profils and contain your loanes. How? That's Book your FREE pisce. Phone 8171 SBS S85	the secret.	completely with any bidder or to cancel the tender completely. The receipt of quotations shall in no way be binding upon our company.
1	Strike         CALLS         PUTS           Phico         Mar         Jun         Sep         Mar         Jun         Sep           1375         0.18         0.44         0.55         0.04         0.07         0.18           1400         0.04         0.26         0.39         0.15         0.14         0.27           1400         0.04         0.26         0.39         0.15         0.24         0.39           1425         0.01         0.13         0.26         0.87         0.28         0.39	II THREE MONTH REPRODUCIAR (AAA) \$1m points Open Latest Change High Mar 94.69 94.65 ~0.03 94.71		24HR FORE	CACH CH	Argus Fundamentals "Understand what is difiving oil prices"
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3. Sealed offers prepared in com	pliance w	ith Tender R	equirements	muş
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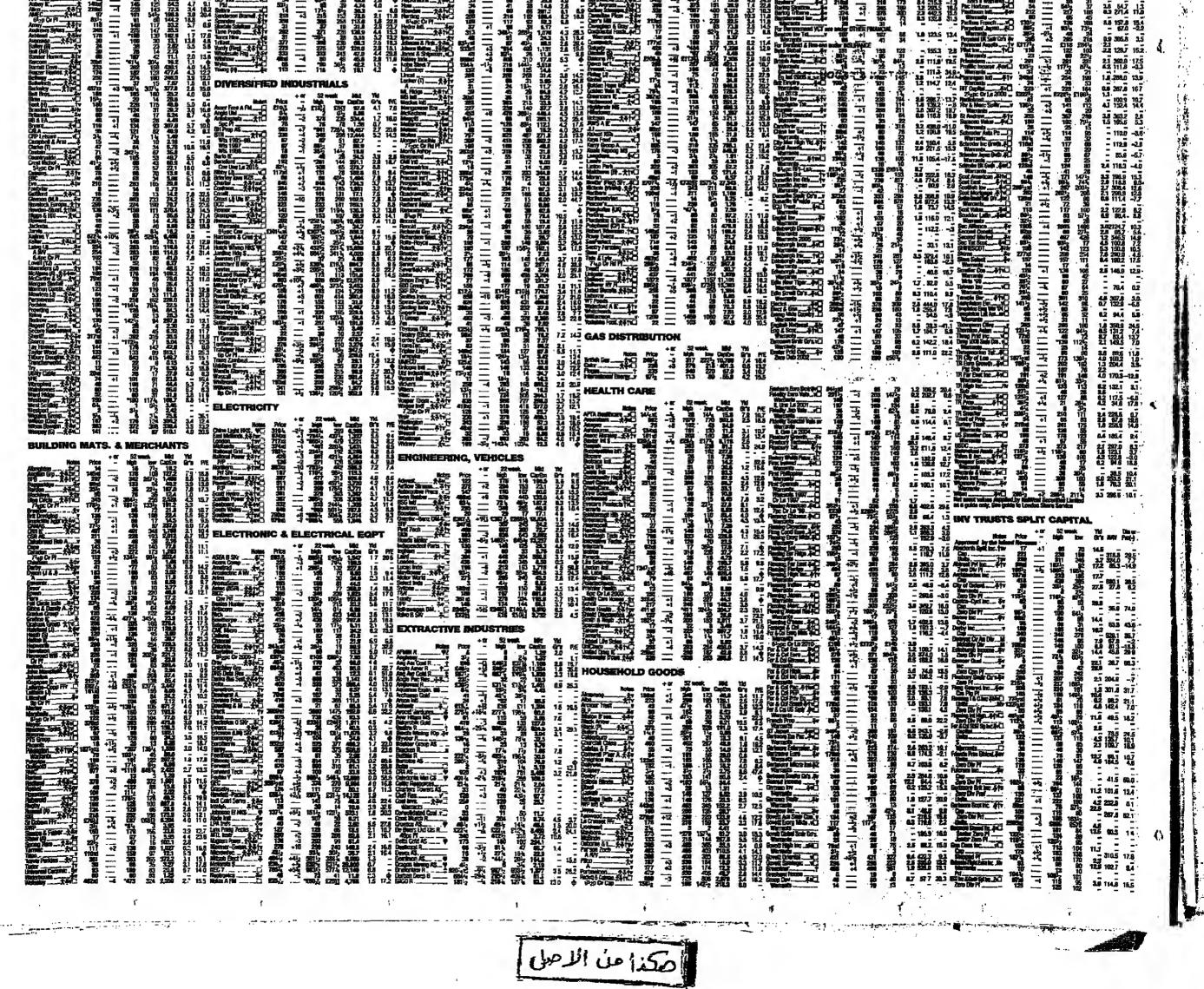
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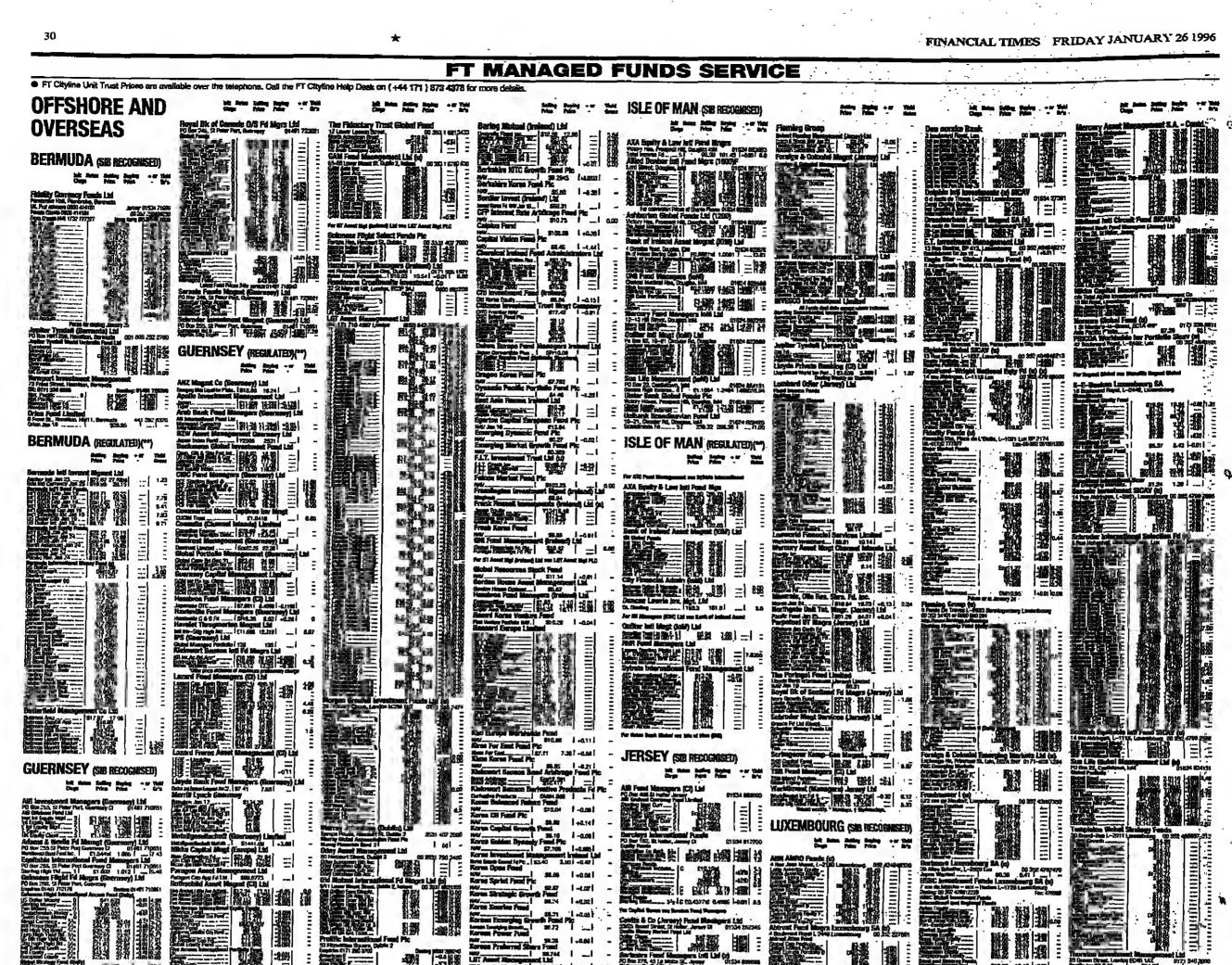
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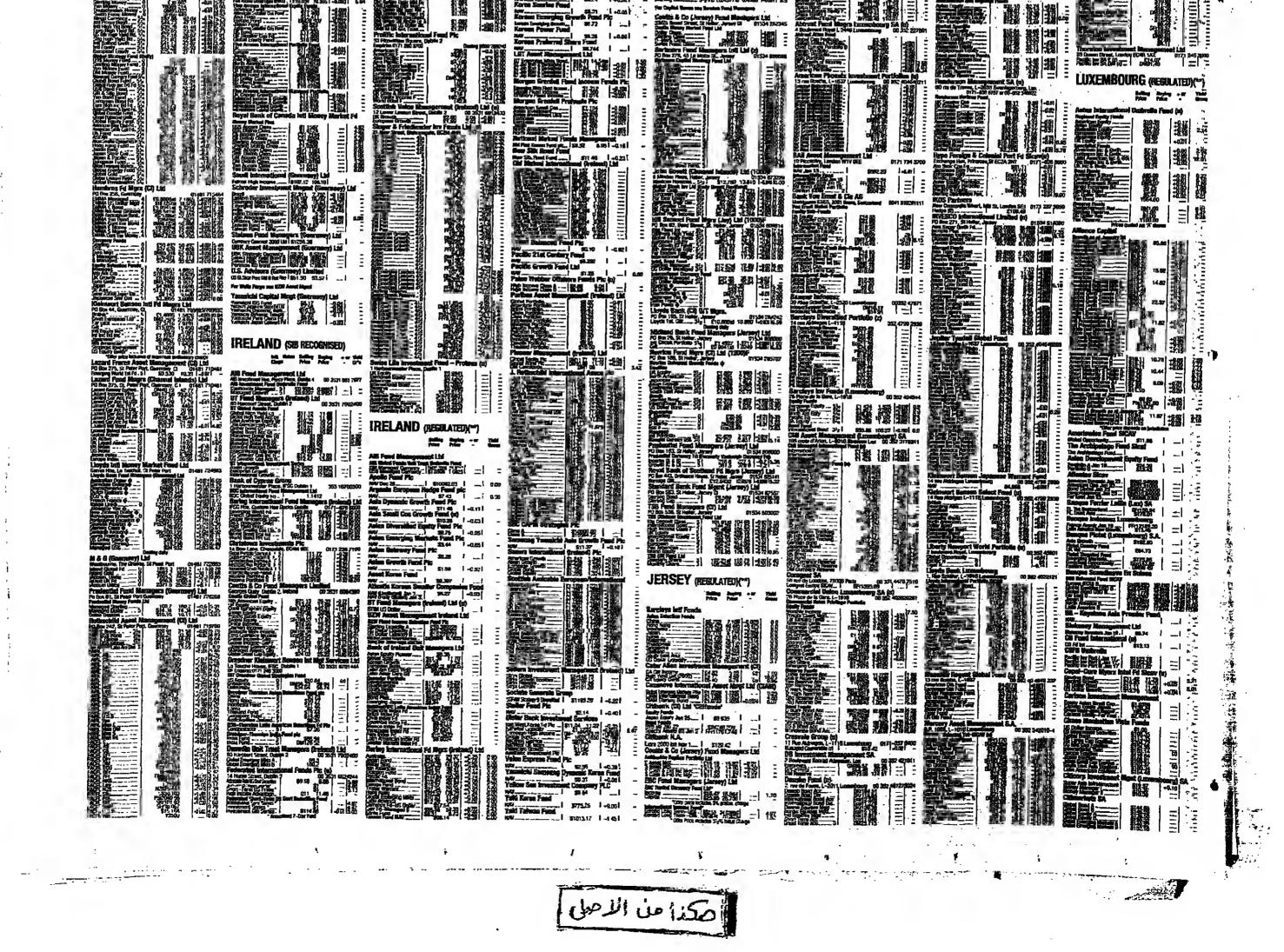
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#### LONDON STOCK EXCHANGE

# MARKET REPORT Bought deal and declining bonds upset equities

#### By Steve Thompson, **UK Stock Market Editor**

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The absence of the much rumoured bid for one of the FT-SE 100 stocks. and a sharp correction in global bouds, took the wind out of the sails of Londoo's equity market.

Unable to build on modest early gains, mostly prompted by the overnight 50-point jump in the Dow Jones Industrial Average, the FT-SE 100 index gradoally fell away throughout a relatively busy session, evectually closing a fraction above the day's low. It settled a net 24.0 off at 3,734.2.

the market's leading issues, with formed well overnight, but began to the FT-SE Mid 250 index only slip- lose ground in European trading, ping into negative ground just before the close and finishing a mere 0.2 easier at 4,086.7.

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There was no shortage of domestic reasons behind the equity market's weakness. Two large placings early in the day mopped up much available liquidity.

A profits warning from Holliday Chemicals unnerved investors in other chemicals stocks, triggering big falls across the sector, which was among the worst performers in the FT-SE Actuaries Share Indices. But it was a sliding bond market

Second line stocks once again that was causing the most damage proved much more resilient than to European equities. US bonds per-

turn in sales and profitability

reflecting a revival of fears that the US could default on its debts if the long-running budget deficit wrangle is not sorted out.

Another story doing the rounds was that Mr Eddie George, Governor of the Bank of England, would criticise the chancellor's interest rate policy in a speech due to be delivered last night.

The trading session began brightly enough, with the FT-SE 100 opening 3.4 ahead at 3,761.6 and looking set to launch another challenge to its all-time intra-day high of 3,767.4, reached only a week ago.

takeover bids materialising, marketmakers quickly took the initiative and began to lower quotations for the so-called hid stocks to shake out any loose stock.

The move was highly successful, with Standard Chartered, the mar-ket's hot favourite to attract a predator after Wednesday afternoon's frenzied activity, falling beavily and eventually giving up well over half the previous session's gain.

Standard said it knew of no reason for the steep rise in its shares. Other prospective takeover stocks also fell back, including Ladbroke, the leisure group.

Granada was the FT-SE 100's top gun for much of the session,

Shares.

still

Granada Group, which this week won its bid for Forte,

paused for breath yesterday,

which left the stock trailing S

boosted by hopes of an early sale of many of the hotels it acquired in its successful bid for Forte, but later retreated on some determined profit-taking.

Among the big winners in the Footsie, there was keen institu-tional buying of Bank of Scotland. Hints of imminent good drilling news from its Algerian operations

helped Lasmo move higher. Turnover at 6pm totalled 975.1m shares, one of the heaviest daily figures for many weeks and boosts substantially by the bought deals in BAA and 3i Group. Turnover in those two stocks, 124m shares, accounted for almost 13 per cent of the market total.

Transport Health Care Building & Cons Anagen, the healthcare group, moved forward 5 to 75p as it announced it had reached

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a settlement with its former marketing partner Organon Teknika. British Biotech rose 70 to 2238p on talk that one broker was recommending the

BAA closed all square at 496p following the auction of the government's 2.86 per cent stake in the airports group. Merrill Lynch purchased the shares at 491%p in open auction and placed them with

3i, the venture capital group, slipped 3 to 413p, with Midland Bank selling its remaining 5.25 per cent stake - 30.7m shares - to institutional investors via James Capel. The shares were placed at 404p and

USM-qooted ML Laboratories forged ahead 46 to 457p as Panmure Gordon said it placed just over 20m shares with institutions at 400p apiece. The placing offset the pharmaceuticals company's announcement of a

£3.4m full-year loss, against a deficit of £2.27m last time.

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# **Bid talk** shifts to P&O

Property and shipping giant P&O roared to the top of the Footsie rankings as takeover talk gripped the market and one top broker dubbed the shares "the next Forte".

According to UBS, the group is over-diversified, undermanaged and - having pushed tbrough £3.5bn of capital expenditure over the past five years - awash with trophy ssets. UBS puts the break-up value of the shares at £7.

Having lagged behind by a steep 33 per cent in 1995, the shares have ootrun the market as a whole by 7 per cent over the past month. They shot forward 121/2 to 529p yesterday m heavy 5m turnover to round off a four-day gain of 40.

There were few bard and fast bets about potential predators, hut some analysts suggested that one of the bigger property groups could have its eye oo P&O's real estate portfolio. This tons £1.7bo, including development properties, and has a oear ooe-third North American content,

#### Holliday beached

A profits warning from Holliday Chemicals hit the wbole chemicals sector and banged what one analyst described as a "serious nail in Holliday's prospects"

Holliday warned that 1995 results would be below market expectations following a down-

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NOTICE TO BONDBOLDERS THIS NOTICE IS IMPORTANT AND REQUIRES THE IMMEDIATE ATTENTION OF HOLDERS OF THE BONDS. IF HOLDERS OF BONDS ARE IN ANY DOUBT AS TO THE ACTION THEY SHOULD TAKE. THEY SHOULD IMMEDIATELY SEEK PERSONAL FINANCIAL ADVICE FROM A STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER FINANCIAL ADVISER.

#### **CRH CAPITAL LIMITED**

in the second half. Since last September Allied Colloids, recovered from their drubbing last May, they have failed to Albright & Wilsoo, Hicksoo International. Laporte and British Vita have all warned of tough market conditions. Yes-terday, Holliday slid 45 to 119p, the biggest drop amoog the market's top 350 companies. It was followed by Yorkshire Chemicals, which also operates a big dyes business, and which tumbled 22 to 2580. Elsewhere in the sector, Brit-

share.

ish Vita was off 15 to 200p, rent manag Laporte 13 to 644p and Court-aulds 15 to 432p. Chemicals leader ICI fell 18 to 808p. Chemicals analysts, who had

to hear the tidines of appalling news in the sector last year, were hoping for a brighter picture and were taken aback

Mr Charles Lambert of Merrill Lynch said: "Management obviously need to pull their fingers out. On a broader basis. the geoeral message is that although there is a potential recovery with cheaper raw materials, there is a risk of

aker demand." Mr Locas Herman of James Capel said: "This is a stark reminder of how difficult things were in the second half

#### Smith 'targeted'

Bid speculation settled oo W.H. Smith, helping the high street oews agent shrug off the gloom that followed Wednes day's second profits warning in less than a year.

The shares bucked the refle tive market trend, advancing 12 to 419p. One senior deale suggested that the company would face an approac "within the month" from

But with none of the rumoured predator offering around 550p a a takeover target, though the company's finance director dis-Although the shares have missed the rumours as "pure speculation". However, the

shares remained strong and benefit from the traditional closed 15 ahead at 354p. seasonal bonanza. At the close A story doing the rounds of trading on Wednesday, they suggested Boots, the chemist, may sell its Childrens World were yielding 4.9 per cent comsubsidiary to Storehouse. The word is that Storehouse is

interested and may be looking to merge Childreo's World

An analyst who declined to

named said: "It is possible

that such a deal is on the

cards. Storehouse may feel it

can manage these stores better

than Boots." Storehouse

with its Mothercare chain.

#### pared to a sector average of just over 3 per cent. Nevertheless, some specialists attributed yesterday's rise purely to recovery prospects for the group under the cur-

ent. Reassuring sales and margin figures from Burtoo Groop prompted strong two-way busioess in the stock. Turnover had risen to 18m by the close

declined 4 to 293p. while Boots as the shares edged half-penny shares firmed a penny to 598p. forward to 130p. Bluebird Toys was boosted A downbeat trading state-ment from Tate & Lyle by the news of US group Matprompted profits downgrades. tel's \$5.2bo bid for rival Has-bro, which bolds a 7 per ceot Many analysts reduced current

year forecasts by around £15m stake in Bluebird. There was to the £310m to £308m level. talk that Bluebird itself may be Media and leisure giant

#### FINANCIAL TIMES EQUITY INDICES

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Equity bargains†		42,114	48,847	46,860	48,146	31,583
Shares traded (mi)†		751.0	667.9	646.0	716.9	734.9
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Total Rises	658	Total Highs	222	Total contracts	38,0
Total Fails	813	Total Lows	22	Calls	18,8
Same	1.541			Puts	19,2

U.Ş. \$200,000,000

at 704p following trade of 7m A further decline was prevented by news that Granada will be happy to consider proshares up to £30. posals from Sir Rocco Forte to hny back some of the most prestigious hotels it has just acquired. Forte also remained an active trade and saw volume of 20m shares as the stock relinquished 2 at 396p, while Savoy "A" rose 32 to 1180p. institutions at 494p. Standard Chartered, the London based Far Eastern bank, fell back as tha fevered take-

over talk that moved the shares higher late on Wednes-day receded. Standard Charraised £124m. tered said it was "not aware of any circumstances leading to the recent movement in its share price" and the shares

receded 26% to 636p on heavy turnover of 7.7m. Seasooed dealers said the logic for an offer for Standard prevailed and it was a case

of "if not now, when?" Abbey National fell 13 637p oo fears that a p war could develop in the

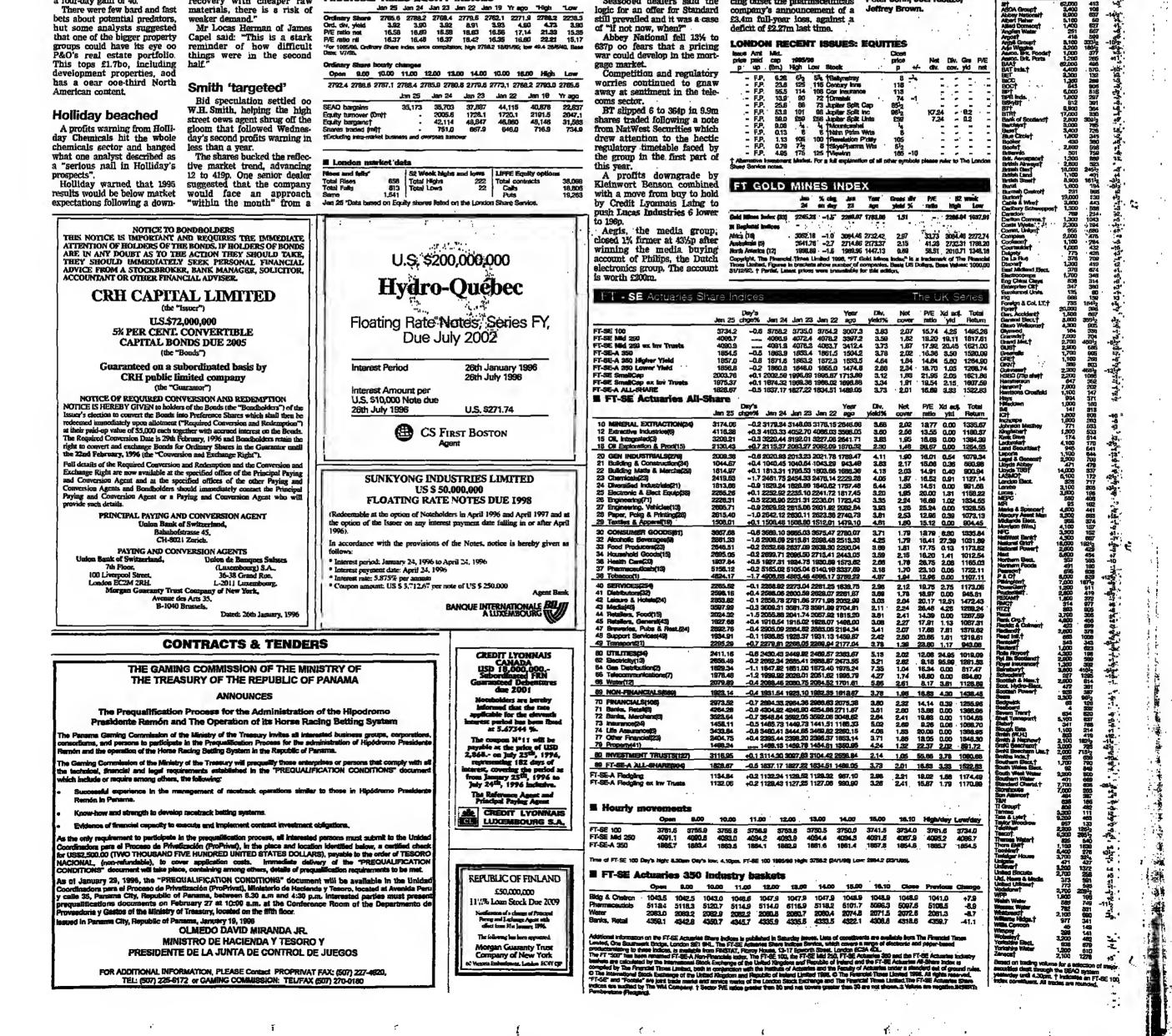
gage market. Competition and regul worries continued to

away at sentiment in the coms sector. BT slipped 6 to 364p in shares traded following a from NatWest Securities drew attention to the regulatory timetable fac the group in the first p this year. A profits downgrad Kleinwort Benson com

with a move from buy to by Credit Lyonnais Lat sh Lucas Industries 6

to 196p. Aegis, the media g closed 1% firmer at 43%p winning the media b account of Philips, the electronics group, The ac

is worth £200m.



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### NYSE COMPOSITE PRICES

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WORLD STOCK MARKETS

# FINANCIAL TIMES

Fridav January 26 1996

# AMERICA **Dow declines** as earnings come in mixed

#### Wall Street

-36

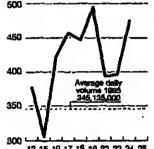
US shares were modestly lower by early afternoon after a volatile morning that saw several components of the Dow Jones Industrial Average report quarterly earnings, writes Lisa Bransten in New York.

At 1 pm, the Dow was 10.47 weaker at 5,232,37 and the Standard & Poor's 500 had fallen 0.99 to 618.97. The American SE composite rose 4.42 to 541.93, while the technologyrich Nasdaq composite was off 1.66 at 1,041.78. NYSE volume was 256m shares.

Shares also came under some pressure from loesse on the bond market. The benchmark 30-year Treasury bond was nearly a full point lower in

#### **NYSE** volume

Daily (million)



12 15 16 17 15 19 22 23 24 25 **January 1995** 

early trading to yield 6.098 per cent, in part because of rising gold prices and new supply released on to the market after Wednesday's auction of fiveyear notes.

Earnings reports from companies in the Dow were mixed. Boeing added \$% at \$77% after beating analysts' expectations, while Coca-Cola slipped \$1% to \$73%, in spite of reporting earnings exactly in line with expectations, Procter & Gamble ebed \$2% or 3 per cent at \$85% after falling just short of expectations with earnings of \$1.18 per share.

P&G had added \$21% on

Wednesday after the Food and Drug Administration approved the use of its fat substitute, olestra, in the manufacture of

salty snacks. In other earnings-related activity. Schering Plough added \$1 or 2 per cent at \$53% after reporting earnings of 66 cents a share, 2 cents ahead of analysts' estimates. Novellus Systems was \$2% or 5 per cent stronger at \$57% after beating estimates by 11 cents a share with earnings of \$1.45 per share. Sonthwest Airlines jumped \$3 or 13 per cent after reporting profits of 29 cents a share, 3 cents a share ahead of estimates

AT&T fell \$1 to \$64% after reporting earnings of 94 cents a share, 2 cents a share short of estimates

In other news, Hasbro jumped \$11% or 37 per cent to \$42 on news that Mattel - tha biggest toy company in the US - had offered to buy Hasbro for \$52bn. Meanwhile, Mattel fell \$1 or 3 per cent to \$31.

Canada ASIA PACIFIC Toronto moved ahead in brisk midday trade in spite of the pullback on Wall Street, as gold shares rallied on firmer bullion prices. At noon, the TSE-300 composite index was 10.01 higher at 4,874.15 in hefty Tokyo volume of 50.4m shares.

The 14 sub-groups were Y107 level for the first time in evenly split among winners two years prompted purchases of high-technology stocks and and losers, with the golds sector, up 2.3 per cent, leading the former. Merchandising, howled the overall market higher, ever, fell 3.8 per cent, mostly writes Emiko Terazono in due to a C\$10% plunge to Tokyo. C\$23% in Loewen Group, one of 101.95 at 20,414.69 after fluctu-North America'a biggest ating between 20,289,02 and funeral home operators, after a Mississippi court ordered it to post a \$625m bond in its appeal against a jury award. Among companies with earncontinued to take profits.

ings reports pending, the volatile Plaintree Systems gave up C\$% to C\$7%; actively traded issues featured Agrium, the fertiliser company, which overcame some early weakness to trade unchanged at C\$17%.

JANEIRO, where trading failed

# EUROPE Contrast in banking sector as Dax peaks again .

The Dax index rose to new peaks, 2,443.72 on the official

session and 2,437.02, up a mere 0.34, at the Ibis afternoon close. But FRANKFURT's main offering was a striking contrast in banks, where Deutsche rose DML62 to DM70.85 but Commerzbank fell DM8.70 or 2.5 per

cent to DM399. Merrill Lynch downgraded Deutsche earlier this month but Germany's biggest bank staged a recovery as Daimler. in which it owns a 24.3 per cent stake, rose DM16.10 further to DM820.50. Commerzbank had been weak already on its exposure to Bremer Vulkan, before the Bremen government underwrots a new bank loan for the shipbuilder on Tuesday.

Yesterday's story, said Mr Ian McEwen of Merrill, was that Commerzbank was exposed to losses of between DM150m and DM200m on bond issues which it had arranged for Fokker, the distressed Dutch airframe builder from which Daimler withdrew finan-

cial support this week. In the broad market, the Dax came back from an early Ibis peak of 2,458.92, but equity brokers were still celebrating as turnover hit DM15.5bn: over the past 12 months it had only been higher when options

The Nikkei 225 index gained

ers led losers by 743 to 329,

financial institutions took prof-

its on holdings ahead of the

March book-closing. The Nik-

with 148 issues unchanged In London the ISE/Nikkei 50

index eased 0.43 to 1,385.83. Corporate investors and

FT-SE Actuaries Share Indices Jan 25 Open 10.30 11.00 12.00 13.00 14.00 15.00 Crase Hourty changes

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Jan 24 Jan 23 380 22 19 12 Jac. 18 1541.50 1544.02 1529 19 1537 43 1540,68 1648.82 1634.84 No. 100 - 1546 17: 200 - 1658 57 Landay: 100 - 1943 35 300 - 1051 28 7 Paca Base 1000 (25/10/90); Hot

expiry inflated the regular volume totals. AMSTERDAM found it diffi-

cult to make progress, but Philips continued to find support in spite of worries about losses at its German subsidiary Grundig. As the AEX index slipped 0.68 to 508.01, Philips gained 70

cents to FI 66.40, off a session's high of F168. Fokker, now traded on the unofficial list reserved for companies with negative equity. lost 30 cents to FI 2.90 as talks continued in an attempt to sal-

vage the business. PARIS overcame technical problems at the outset and made up for lost time; ths CAC-40 index ended the first session of the new account up 4.22 at 1,950.19, off the day'e high of 1,965.00. Turnover was about FFrSbn. Saint-Gobain, the building

materials and glass company,

FT-52 Europeant 100 1545.53 1546.00 1548.20 1548.05 1546.78 1545.76 1545.38 1545.38 1545.38 1545.38 1545.14 1556.72 1655.37 1655.73 1654.10 1551.49

THE ELROPEAN SERIES

made FFr4 to FFr585 ahead of reporting after the close of trading that its 1995 profits had risen by 16 per cent.

ZURICH ran into late profittaking, which blunted earlier gains in response to renewed enthusiasm over Ciba's forecast on Wednesday that it would post higher than expected profits for 1995.

The SMI index turned back from a high of 3,245.5 to finish 10.1 weaker at 3,211.2. Ciba bucked the trend, advancing SFr13 10 SFr995,

while Ares Serono, the blotech nology group, picked up SFr15 to SFr865 as it announced that 1995 group sales rose 7.1 per CERT A SFr27 drop in UBS bearers

to SFr1,238 was attributed to derivatives-related transactions, and easing bond prices. MILAN was weighed down by worse than expected wage inflation figures, and mounting

uncertainty on the political front as President Oscar Luigi Scalfaro prepared for fresb consultations next week. The Comit index fell 4.55 to

610.93 while the real-time Mibtel index lost 61 to 97,963. Olivetti, down L61 to L927, continued to be pressured by the worse than expected loss

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for 1985. News of its plans to cut 1,000 jobs to meet its 1996 target of a return to profits. after five years of losses, failed to placate investors. MADRID set a new high in spite of afternoon weakness in

the peseta and in bonds, the general index closing 1.09 ahead at 331.43, after 332.71, in turnover of Pta44bn plus.

STOCKHOLM thanked Ericsson and Volvo as the Affarsvärlden General index closed 6.0 higher at 1,728.7, the telecoms group rising SKr4.50 or 3.4 per cent to SKr137 following an overnight rally by US tech stocks on a report that Fidelity Investments was buying; Volvo rose SKr3 to SKr130.

BRUSSELS, where the Bei-20 index fell 20.16 to 1,642.90 after a late spate of basket selling, featured a 4.7 per cent gain in UCB; the pharmacenticals and chemicals atock has become seriously popular with international investors over recent months, and rose another Polend Wio Index 10.000 -9,500 9,000 8.500 -6.000

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7,500 -1995 Aug Source: FT Extel BFr2,025 to BFr44.950, after

BFr46,000. **HELSINKI** contrasted Nokia. up FM5 or 3 per cent to FM174 as high-technology atocks worldwide found favour once again with investors, with Outokumpu, the mining and

metals group, down more than 6 per cent, FM4.30 to FM64, on disappointment with its preliminary 1995 results. The HEX rose 6.18 to 1,719.66 in turnover of FM372.5m. WARSAW surged after the resignation of the prime minis-

ter, Mr Jozef Oleksy, which ended a period of uncertainty for equities and, partially, resolved fears of imminent par-

liamentary elections. The Wie index rose nearly 5 per cent to 9.716.7 as turnover expanded from 38.9 zlotys to 177.3m. Elektrim rose by the daily permitted 10 per cent limit as investors anticipated that it 11.

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would win a tender to provide the country with a GSM cellnlar-telephone network.

BUDAPEST was favoured mainly by foreign institutions as the BUX index rose 64.36 or 3.5 per cent to 1,369.79. Traders noted that shares dealt on Seso International in London showed the best rises during the session, including OTP, MOL and Richter.

VIENNA's bull run showed no sign of abating as the market soared to a 16-month closing blgb. The ATX index gained 10.55 or 1 per cent to 1.069.30.

The etrongest performance came from AMS, the recently volatile high-tech issue, which advanced Sch85 or 6.1 per cent to Sch1,475.

The brewerles, Brau Union and BBAG, continued to make ground shead opf next week's BBAG 1995 earnings. Brau Union put on Sch22 at Sch561 and BBAG Sch5 at Sch519.

Written and edited by William Coohrane, Michael Morgan and John Pitt

High-techs lift Nikkei, Hang Seng at 23-month high

listed on the second section. moved up Y160.000 to Y3.28m. Mr Makio Inui at Kleinwort

The dollar's rise above the Benson said a decline in the company's debt due to the capital increase would be regarded favourably by investors. Mining stocks, which had rallied recently on the rise in

raid prices, retreated on profittaking. Sumitomo Metal Mining dipped Y20 to YI,010. Speculative issuee were

traded actively. Kyokuyo, a 20,457.64. The overnight surge fishing company, was the most on Wall Street and the dollar's active stock of the day, rising rise improved confidence, Y100 to Y694, and Takara although domestic investors Shuzo, the distilled spirits maker, climbed Y40 to Y1,210. Volume was 555m shares, against 450m. The Topix index of all first section stocks put In Osaka, the OSE average firmed 18L67 to 21,797.73 in volon 10.01 at 1,583,64 and the Nikums of 258.9m shares. kei 300 rose 1.71 to 296.49, Gain-

#### Roundup

HK\$6.9bn.

For the first time in 23 months. HONG KONG broke through the 11.000-point level, leaving

the Hang Seng index to close 142.87 or 1.3 per cent higher at

11,103.08, after hitting an intra-

Turnover swelled to HK\$9bn

One analyst observed that

liquidity had kept pouring in, pushing the market higher in

spite of rumours of a China

Light placement and a warrant

from Wednesday's total of

day peak of 11,153.86.

Hong Kong indicas (rebased)

lost 1.5 per cent. Hang Seng

1996 earnings.

1995

shares worth TS19.43bn.

tion and financial shares each demand revived for recently overlooked stocks that had recently fallen, and the composite stock index closed 2.62 up at 868.17 in volume of 25.9m shares, Hanwha Chamical rose

SEOUL edged ahead ae

Won300 to Won11,100, while Kun Young Construction picked up Won20 to Won7,160 after its recent losses which followed the failure of Woosung Construction.

BANGKOK withstood several rounds of profit-taking during the session before closing higher on buying in the banks sector. The SET index

made 5.01 to 1,383.31 in modest turnover of Bt12bn. There was interest in newly listed Aromatics, which ended at B133, after an intra-day high of B138.25, and against its offer price of Bt30. The stock topped the most active issues in turnover of Bt1.34bn. SYDNEY made gains on off-

ebors buying, while overall trading was also boosted by

The All Ordinaries index rose 18.2 to 2,253.9, ahead of today's Anstralia Day holiday. BOMBAY feil prey to rumours that Prime Minister P V Narasimha Rao had dis-

The government in Delhi denied the rumours, but inves-tors, worried about an \$18m bribery scandal involving many political leaders, including ministers in Rao's cabinet, became increasingly nervous.

110 -FT/SAP

120 .

90 ' Aug Source: FT Exted

73.65 to 4,940.07, off a low of 4.937.81. Volume was 677m

Pacific Basin (ex Japan)

Food and paper stocks shed

1.8 per cent and 1.7 per cent from an early high of 1,084.42.

Individual stories included China Development, which weakened T\$1.50 to T\$77.00 number of blue chip compa-

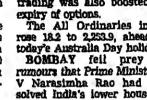
respectively, while construc-

2.433.00

tations that the trade deficit for October 1995, expected to be announced on Friday, would be as high as MS1.6bn. The com-

KUALA LUMPUR was led lower by selling in selected blue chips as investors remained nervous over expec-

posite index finished down 3.81 at 1,056.69, having turned back expiry of options.



solved India's lower house of paritament and the BSE-30 index closed 12.49 off at 2,826.08 after hitting a 26-month low of 2.820.26.

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after announcing a forecast for SINGAPORE saw brick demand by foreign funds for a nies, taking the Straits Times Industrial index ahead 22.75 to

# Mexico takes profits

Mexico City was softer by for a public holiday, and inter-midday as profits were taken. est switched to RIO DE midday as profits were taken. The IPC index was off 27.72 or 1 per cent at 3,026.91.

Brokers said that as well as taking profits following the market's recent steady rise, investors were concerned about a rise in inflation. BUENOS AIRES was little

changed by midday, with the Merval index just 4.24 easter at 547.46. SAO PAULO was closed 5.710.28

#### S Africa back on upward path

Johannesburg ended a brisk counters early on Friday. day firmer across the board, The overall index rose with industrials supported by local and offehore interest while golds inched up in spite of worries over the outlook for the buillion price.

Analysts noted that demand for industrials stemmed from growing expectations of pleasant surprises in the imminent release of major company results, due next month. Gold shares ended the day

mildly higher after tracking the metal price. But bullion's afternoon surge above the \$406 level came too late to influence trade and this was expec-ted to get underneath gold

FT/S&P ACTUARIES WORLD INDICES

The overall index rose 19.2 to 6,950.5, Industrials advanced 27.5 to 8,739.3 and golds ticked up 11.6 to 1,669.5. Vaal Reefs closed B7 up at R355, Western Deep rose B1 to R109 and Beatrix picked up 50 cents to R37.50.

at R272.60. Among industrials, South African Brewerles declined R1 to R142.50, with heavy trade in the conglomerate, Safren, seeing it soften 25 cents to R14. In petrochemicals, Sasol firmed 25 cents to R33.75.

kei later regained strength on arbitrage-related buying and to come alive. By midday the BVRJ index was standing 7.00 higher at 18,567 in turnover of some R\$10m. SANTIAGO was pressured by reports that foreign institutions were celling ADRs on Wall Street. By midsession the IGPA index was down 15.76 at

Anglo American, whoee mines are the world's biggest gold producers, put ou R1.50

purchases of high-technology issues by foreign institutions. Reports that banks were poised to agree to accept the government's plan to share losses from the liquidation of the housing loan companies lifted banks. Short-covering and buying by overseas inves-tors boosted the sector, with Bank Y40 to Y2,330.

Y5,300. Sony, however, lost Y10 at Y6.290 on prevailing worries of ovsrsupply of stock. Tha shares fell heavily on Wednes-

through a convertible bond. Supply worries did not affect NTT Data Communications, which announced that It will issue Y97bn through a public equity offering. The stock,

issue on New World. While China Light slid 30 cents to HK\$37.30 on the place-Industrial Bank of Japan firm-ing Y60 to Y2,960 and Fuji ment talk, major property stocks and banks advanced. Cheung Kong moved ahead Overseas funds bought high-technology stocks. Toshiba added Y10 at Y880 and Mitsubi-HK\$1.50 to HK\$56.25. Sun Hung Kai Properties HK\$2.75 to HK\$68.75 and New World 80 cents to HK\$36.80. shi Electric Y4 at Y750. Conaumer electronics abares also advanced, with Matsushita Electric Industrial appreciating Y20 to Y1,720 and TDK Y100 to

MANILA defied forscasts that it was heading for a tech-nical correction and ended at a five-month high, bolstered by Wall Street's overnight record close. The composits index added 26.38 or 1 per cent at 2,902.72. Turnover came to 5.9bn day on reports that the com-pany planned to raise Y300bn

eharee worth 2.6bn pesos, boosted by heavy interest in the newly listed cargo handler Asian Terminals. TAIPEI felt the effect of a

further bout of diplomatic tension with mainland China and the weighted index tumbled

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NATIONAL AND REGIONAL MARKETS	WEDNESDAY JANUARY 24 1995							TUESDAY JANUARY 23 1996 DOLLAR MOEX								
Figures in parentheses US	US Dollar	Day's	Pound		-	Local	Local	Groee	US	Pound			Local			Year
of sigck	Index	Change %	Stenling Index	Yeri Index		Currency Index	% ong on day	Div. Yield	Coller Index	Sterling Index	Yen Index	DM Index	Currency Index	High	52 Week	(approv)
Australia (61)		-0.2	185.10	127.48	145.36	170.49	-0.5	3.92	189.33	185.40	128.64	145.41	171.51	198.40	157.95	167.04
Austria (20)	195.11	1.0	161.36	124.92	142.48	142.29	12	1,52	183.31	179.50	122.61	140.78	140.61	199.25	167.48	174.0
30ig-um (34)		0,3	209.24	144,11	184.34	160.30	0.5	3.26	213.00	206.58	142.47	183.55	152.55	215.22	166.86	158.07
Brozil (28)	155.56	~1.0	162.42	104.98	119.72	279.84	-1.0	1.58	157,14	153.88	105.11	120.60		160.23	66.05	
Canade (101]		0.8	149.83	103.20	117.68	151.55	0.8	2.46	151.72	148.58	101.40	118.53		153.19	121.81	124.4
)enmark (33)		8.0	296.89	202,42	230.63	233.56	1.0	1.40	297.42	291.25	198,95	228.43		302.74	246.19	
Finland (24)	178.14	0,7	174.55	120.22	137.10	169.44	0.6	1.68	175.99	173.32	115.39	135.04		278.11	171.13	
France (99) passed to passed		0.2	177.07	121,95	139.08	143.89	0.6	3.10	160.37	176.62	120.65	138.53	145.15	191,17	158.04	158.0
Germany (60)		1.2	165,49	113.98	129.95	129.96	14	1.84	169.87	169.41	111.62	128.15		159.49	139.77	140.17
Hong Kong (50)		-0.1	417.70	297.80	328.07	423.22	0.0	3.38	428.54	417.88	285.31	327.50		426.64	278.77	
reland (16)		-0.8	251.51	173.44	197.78	230.92	-0.4	3.32	258.44	253.08	172.87	188.45		252.70	205.44	207,51
taly (58).		0.4	74.85	S1.68	56.78	90.63	0.2	1.62	78.09	74.51	50.90	58.44		82.71	85.45	
lapon (482)	145.90	-0.2	145.90	100.49	114.59	100.49	0.7	0.75	149.17	145.07	99.78	114.57		154.82	196.85	
Malaysia (108)		-14	508.B4	349.09	306.09	510.30	-1.1	1.83	524.43	e13.54	350.79	402.77		561.96		
Maruco (18)		-1.9	1168.24	804.64	817.57	9711.68	-0.5	1.43	1214.85						398.15	
Vetherland (19)		0.8	265.90	185.21	211.20	207.68	1.0	3.14			012.61	833.04		1237.14	847.51	
Now Zeckind (14)		~0.8	74.73	51.47	59.60	80.90	-1.1	4.77	272,29	265.63	182.13	209.12		280,49	217.98	
Vonay (33)		0.0	223.85	154.04	175.68	200.92			78.78	75.16	51.34	58.95		85,49	71.22	72.0
Singaporo (44)		0.1	429.84	298.08	337.81	267.33	0.1	2.06	229.33	223.59	152.73	175.38		241,79	202.78	207.9
South Africa (45)		-0.3	425.57	293.11			0.3	1.40	438.01	428.92	292.99	336,41		438.69	313.94	313.94
Span (37)		0.8	162.23		334.25	346.45	-0.2	3.39	435.59	425.55	201.38	334.54		435.59	281,08	
Swadon (47)	700.07	0.0	294.57	111.74	127,42	158,45	0.8	3.90	164.57	101.15	110.08	126.39		138.91	124.10	
Switzerland (40)	-1,400.08		219.78	202.85	231.32	304.67	0.6	1.97	297.87	291.69	199.25	228,77		324,31	232.23	237.4
Thailand (46)	103 00	-0.3 -1.5		101.38	172.62	165.49	-0.1	1.61	224.90	220.23	150.45	172.73		239.65	162.35	163.5
United Kingdom (208)			179.59	123.69	141,05	180,10	-1.5	2.27	186.20	182.33	124.55	143,00		185.79	130.15	181.71
USA (632)		0.5		154.30	175,98	224.02	0.6	4,15	227.41	222.69	152.11	174,66		2223	192.62	
		1.1	247.58	170.52	194,45	252.67	<u> </u>	2.25	249.90	244.81	187.09	191.85	249.50	253.60	190.85	190,8
Americas (179)		1.1	226.29	165,88	177.73	194,10	1.1	2.24	228.45	223.71	152.81	175.A5	191.99	231.18	175.56	175.55
Europe (733)	200.53	0.5	196.49	135.34	154,33	174,70	0.7	3.02	199.49	195.35	133.44	153.22		204.32	187.29	
Northe (137)		0.8	264.19	181,98	207,50	236.26	0.7	1.85	287.50	262.04	178.99	205.52		295.02	712.22	
Pacific Basin (834)	1\$1.62	-0.2	158.36	109.07	124,38	112.11	0.5	1.19	151.99	158.62	108.95	124,40		171.87	145.95	147.7
Euro-Pacific (1587)	177.73	0,1	174.10	119.95	136,78	135.65	0.6	2.05	177.51	173.82	112.73	138.33		183.39	155.97	165.97
North America (733)		1.1	241.51	166.34	189,69	245.85	1.1	2.26	243.71	238.65	163.02	187.17		248.93	186.56	
Europe Ex, UK (527)	160 e1	0.5	177,15	122.02	139.15	147.43	0.7	2.39	179.89	178.15	120.93	138.15		184.01	149.95	165.56
Pacific Ex. Japon (352)		-0,4	273.90	198.65	216.13	247.38	-0.4	2.93	280.68	274.85	187.78	215.57		260.68	211.43	211.4
World Ex. UE (1750)		0,1	178,04	121.25	138.26		0.5	2.09	179.48	175,73	120.04	137.83		184.71	158.85	158.6
WOND EX, UN 2185	100.14	0.6	195,36	134.59	153.44	167.57	0.8	1.95	198.30	194.18	132.64	152.50		202.03		
World Ex, Japon (1909)		0.e	226.78	158.20	178,12	218.55	0.8	9.58	229,58	224.01	153.63	178.40		202.00	184,25	164,25
The World Index (2381)	_201.97	0.6	197.99	136.30	155.43	172.55	_							_		181.86
Copyright, The Floarmail Times					190,40	112.30	0.8	2.10	200.87	198,70	134.38	154.27	171.22	204,85	196,77	168.77

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